

International Conference Report

Efficient local development strategies: Exchange of experiences between Latin America and the OECD

**Bogota, Colombia
16-17 September 2008**



OECD Programme on Local Economic
and Employment Development



Andean Development
Corporation



National Ministry of Planning of
Colombia

Foreword

The Andean Development Corporation (CAF), full member of the LEED Directing Committee, and the OECD LEED Programme jointly organised a conference in Bogota in September 2008 hosted by the National Ministry of Planning (DNP) of Colombia. This event sought to stimulate the exchange of good practices in defining and implementing economic development strategies at the local level. In addition, the event contributed to the policy dialogue between the OECD and Latin America, by providing a platform to discuss and identify relevant policy making approaches in order to achieve self-sustaining local development strategies. This report presents a summary of the presentations, discussions and working sessions that took place during the conference and the capacity building seminar. It has been prepared by the OECD Secretariat in collaboration with the CAF.

This report has been prepared by Mr Carlos Hinojosa, consultant of the OECD LEED Programme, in collaboration with Ms Gabriela Miranda, OECD policy analyst. It has been revised and endorsed by the Andean Development Corporation (CAF) as well as the CAF office in Colombia. The organisers acknowledge the valuable contributions of the various experts that took part in this event. The OECD and CAF are also grateful to the Colombian authorities, notably to the National Ministry of Planning (DNP), for their collaboration and support in the organisation of this event.

TABLE OF CONTENTS

Event programme	4
Day 1: International Conference	
Welcome and opening remarks	7
Morning session: Key elements of efficient local development strategies	
Investment strategies and financial tools for local development	10
Panel 1: The role of multilateral organizations in empowering local authorities, lessons from an international perspective	10
Afternoon session: The leading role of local governments in the bottom-up approach	
Panel 2: Efficient local development strategies in Colombia, lessons learnt locally	14
Panel 3: Defining and delivering local development strategies, exchange of experiences between Latin America and the OECD.....	16
Conclusions and closing remarks.....	20
Day 2: Capacity Building Seminar	
Introduction of the Themes	21
Theme 1.1: Public-private partnerships for designing and implementing local development strategies	
The case of Barcelona, Spain	21
The case of Ciudad Victoria, Pereira (Colombia).....	24
Theme 1.2: Sustainable tourism strategies for stimulating job creation at the local level	
The case of Bonito, Matogrosso (Brazil).....	26
The case of Belleville and Les Marais de Vigueirat, France.....	27
Theme 2.1: Evaluation of local economic development strategies	
The case of Rosario, Argentina	29
Key issues in assessing strategy impact	30
Theme 2.2: Local economic development strategies to tackle urban insecurity	
The case of Medellin and Bogota, Colombia	32
The case of Belfast, Northern Ireland	33
Wrap-up and conclusion of the workshops	36

PROGRAMME

International Conference Tuesday, 16 September 2008

<i>Chair: Sergio Arzeni, Director, Centre for Entrepreneurship, SMEs and Local Development, OECD</i>	
8:30 – 8:40	WELCOME
	- Carlos Caballero Argáez , Director of the Alberto Lleras Governance School, Andes University
8:40 – 10:00	OPENING REMARKS
	- Pier Carlo Padoan , Deputy Secretary-General, OECD - Luis Enrique Berrizbeitia , Executive Vice President, CAF - Carolina Rentería , Minister of National Planning (DNP), Colombia
<i>10:00 – 10:30</i>	<i>Coffee break</i>
10:30 – 12:30	MORNING SESSION <i>“Key elements of efficient local development policies and strategies”</i>
<i>Chair: Gabriela Miranda, Economist, OECD LEED Programme</i>	
<i>10:30 – 11:00</i>	Speaker: Debra Mountford , Senior Policy Analyst and Manager of the LEED Forum on Investment Strategies, OECD <i>“Investment Strategies and Financial Tools for Local Development”</i>
<i>11:00 – 12:15</i>	Panel 1: <i>The role of multilateral organisations in empowering local authorities: lessons from an international perspective</i>
	- Miguel Castilla , Chief Economist and Head of Public Policies and Competitiveness, Andean Development Corporation (CAF) - Mario Marcel , Sector Manager of Institutional Capacity and Finances, Inter-American Development Bank (IADB) - Elfid Torres , International Manager for Research and Strategic Partnerships, Foundation for Sustainable Development in Latin America (FUNDES) - Ramiro Pizarro , Latin America Specialist, International Relations Department, International Labour Organisation (ILO) - Juan Manuel Salazar , Local Development Expert, Bogota Office, United Nations Development Programme, UNDP
<i>12:15 – 12:30</i>	Open discussion
<i>12:30 – 14:00</i>	<i>Free lunchtime</i>

14:00 – 18:30	AFTERNOON SESSION <i>“The leading role of local governments in the bottom-up approach”</i>
<i>Chair: Germán Ríos</i> , Director of Competitiveness Programmes, CAF	
14:00 – 15:00	Panel 2: Efficient local development strategies in Colombia: Lessons learnt locally
	<ul style="list-style-type: none"> - Martha Pinto de de Hart, Executive Director of the Competitiveness Regional Commission in Santander, Colombia - Eric Duport, Chief Executive Officer – CEO - of the Chamber of Commerce of Pereira, Colombia
15:00 – 15:30	Open discussion
15:30 – 16:00	<i>Coffee break</i>
<i>Chair: Gabriel Duque</i> , Deputy Director of Competitiveness Programmes, CAF	
16:00 – 18:00	Panel 3: Defining and delivering local development strategies: Exchange of experiences between Latin America and the OECD
	<ul style="list-style-type: none"> - Joe Montgomery, Director General of Regions and Communities Group, UK - Luisa Molina de Fabre, Counsellor to the Mayor of Guayaquil, Ecuador - Mateu Hernández, Director, Barcelona Activa, Spain - Ubajara Leite, Technical Advisor, National Ministry of Integration, Brazil - Jérôme Faure, Inter-Ministerial Delegate for Innovation, Social Experimentation and Social Economy (DIESES), France
18:00 – 18:30	Open discussion
18:30 – 19:00	CONCLUSIONS AND CLOSING REMARKS
	<p><i>Conclusions:</i></p> <ul style="list-style-type: none"> - Sergio Arzeni, Director, Centre for Entrepreneurship, SMEs and Local Development, OECD
	<p><i>Closing remarks:</i></p> <ul style="list-style-type: none"> - Samuel Moreno, Mayor of Bogotá, Colombia - Adriana Mejía, Vice-Minister of Multilateral Affairs, Ministry of Foreign Affairs, Colombia

Rapporteurs: *Experts from the OECD, CAF and DNP*

**Capacity building seminar
Wednesday, 17 de September 2008**

8:00 – 8:30	Registration	
8:30 – 9:00	Introduction of the themes: - Gabriela Miranda , Economist, OECD LEED Programme	
9:00 – 9:30	<p>Theme 1.1 – Chair: Joe Montgomery Public-private partnerships for designing and implementing local development strategies</p> <ul style="list-style-type: none"> - Dr. Adriana Vallejo presents: <i>the case of Ciudad Victoria, Pereira (Colombia)</i> - Mr. Mateu Hernandez presents: <i>the case of Barcelona (Spain)</i> 	<p>Theme 1.2 – Chair: Sergio Arzeni Sustainable tourism strategies for stimulating job creation at local level</p> <ul style="list-style-type: none"> - Mr. Ubajara Leite presents: <i>the case of Bonito, Matogrosso (Brazil)</i> - Mr. Guillaume Cromer presents: <i>the case of Belleville and Les Marais de Vigueirat (France)</i>
9:30 – 10:30	Discussion and working session (theme 1.1)	Discussion and working session (theme 1.2)
10:30 – 11:00	Coffee break	
11:00 – 11:30	<p>Theme 2.1 – Chair: Gabriela Miranda Evaluation of local economic development strategies</p> <ul style="list-style-type: none"> - Dr. Marcelo Cavarozzi presents: <i>the case of Rosario, (Argentina)</i> - Dr. Randall Eberts presents: <i>Key Issues in Assessing Strategy Impact (OECD)</i> 	<p>Theme 2.2 – Chair: Debra Mountford Local economic development strategies to tackle urban insecurity</p> <ul style="list-style-type: none"> - Mr. Hugo Acero and Ms. Sonia Cardona present: <i>the cases of Medellín and Bogotá (Colombia)</i> - Ms. Marie Thèrese McGivern presents: <i>the case of Belfast (Northern Ireland)</i>
11:30 – 12:30	Discussion and working session (theme 2.1)	Discussion and working session (theme 2.2)
12:30 – 13:30	Wrap-up and conclusions of the workshops - Chairs of sessions	

INTERNATIONAL CONFERENCE

WELCOME AND OPENING REMARKS

The opening session of the international conference on efficient local development strategies was presided by **Mr. Sergio Arzeni**, Director of the Centre for Entrepreneurship, SMEs and Local Development (CFE) of the Organization for Economic Co-operation and Development (OECD). After his opening remarks highlighting the interest of the OECD Local Economic and Employment Development Programme (LEED) in enhancing cooperation with Latin America, Mr. Arzeni introduced **Dr. Carlos Caballero Argaez**, Director of the Alberto Lleras Governance School of the Andes University. In his welcome message, Dr. Caballero underlined the role of the Alberto Lleras School in improving the public policy creation process at all levels of government in Colombia through the exchange of experiences and best government practices.

Speaking on behalf of the 30 OECD member countries and Secretary-General Angel Gurría, the Deputy Secretary-General of the OECD, **Dr. Pier Carlo Padoan** spoke of the priority given by the OECD to extending ties with Latin America. The OECD has undertaken a renewed strategy in order to become more global and inclusive and in doing so, it has engaged in a process to incorporate five perspective members¹ and establish enhanced engagement with five additional countries². In addition, Dr. Padoan spoke of innovation as one of the main drivers of human progress. Local governments must seek to adopt efficient innovation promotion strategies in order to increase productivity, competitiveness and their capacities to face the current social and environmental challenges.

Local economic development results from the interaction of government actions and market performance. Policies implemented by local governments can thus have a positive impact on economic performance within their territories. However, local governments must realise that the most determinant factors of economic development are found within a wider geographical space than their own. In addition, local governments must understand that the benefits of local economic development policies usually appear on a medium to long term perspective, as opposed to the adjustment and implementation costs that appear immediately after these policies are launched. As a result, socially and politically stable economic development policies must include three elements:

- A long term horizon and the development of a strong policy commitment
- Strong partnerships between different government levels and between the public and private sector
- A strategic design and implementation that are customer and investor oriented.

In addition to implementing policies aimed at improving local economic conditions and fostering innovation, local governments must also ensure the efficient delivery of key public services in order to generate incentives for private sector participation. They must also ensure the coordination of public sector initiatives, achieve complementarity of investment activities in infrastructure and guarantee the coherence of existing regulatory regimes. Governments must nevertheless ensure that all market sensitive interventions are delivered in a professional manner by integrating branding and promotion, support for business and investors, investment facilitation, and financial engineering into their strategies.

Mr. Padoan finalized his intervention by stressing the importance for local governments to identify and build upon comparative advantages. Localities must invest, adjust, reinvent and

¹ Chile, Estonia, Russia, Israel and Slovenia

² Brazil, China, India, Indonesia and South Africa

differentiate themselves in order to increase their competitiveness. Development finance strategies must be rethought in order to increase local governments' capacities to modernise their infrastructure and build their human capital. In doing so, local governments must enhance cooperation with the private sector and develop new financial tools such as innovative borrowing and tax schemes, and the use of public assets to generate private co-investment.

Then, **Mr. Luis Enrique Berrizbeitia**, Executive Vice President of the Andean Development Corporation (CAF) began his statement by recognizing Colombia's commitment to decentralisation and local development. The city of Bogotá is an exemplary case of the Colombian government's will to develop and strengthen localities. For the CAF, the conference represented an opportunity to advance in the promotion of its development agenda. The agenda seeks to promote economic growth and development that is socially inclusive and favours low income groups in society, based on four principles:

- Micro-economic efficiency
- Macro-economic stability
- Environmental sustainability
- Equity and social inclusion

In the words of Mr. Berrizbeitia, local governments play a strategic role in fostering social inclusion because they ensure the delivery of basic local services crucial to satisfying social needs. In view of the importance local governments have in promoting social inclusion, the CAF has sought to collaborate with the LEED programme to share successful experiences and policies carried out by local governments of OECD member countries. For the CAF, this event represents an opportunity to bring together the public and private sectors, as well as academic institutions and development agencies in order to discuss the mechanisms through which decentralisation process in Latin American countries can be rendered more efficient.

The conference on efficient local development strategies was hosted by the Colombian Ministry of National Planning (DNP) on the occasion of its 50th anniversary. In her opening remarks, **Minister Carolina Renteria** congratulated and thanked all participants for their presence and their contributions in making the event possible. Min. Renteria's intervention presented an overview of the actions taken by the Colombian government over the last thirty years that have allowed Colombia to become the most decentralized non-federal country in Latin America. For the DNP, decentralisation reforms must be designed based upon four main objectives:

- Generating regional competitiveness
- Increasing social cohesion
- Establishing a long-term strategy
- The devolution of fiscal, administrative and political competencies to local governments.

The Colombian government has implemented a set of actions and programmes in accordance with each of these objectives.

The gradual decentralisation process engaged by Colombia since the 1980s has given strong priority to redesigning the country's fiscal scheme. Over the years, the reform process has transferred both funds as well as fiscal autonomy and competencies from the national to local governments. As a result, 51% of public spending in Colombia is currently carried out by Colombian departments and municipalities. In addition to the fiscal, administrative and political decentralising reforms set in place over the last three decades, the DNP has set regional competitiveness at the top of its agenda. As a result, there has been a significant

increase in investments aimed at developing infrastructure and a number of public-private partnerships have been established to attract investment capital at the local level. Over the last decade, the government of Colombia has multiplied its efforts to improve and develop transportation infrastructures such as urban transportation networks, highways, airports and ports essential to regional competitiveness. In addition, the current administration has created the National Council for Competitiveness, an institutional public-private partnership, as well as the Regional Commissions for Competitiveness that allow local economic actors to promote competitiveness through a bottom-up approach.

Before ending her presentation, Min. Renteria emphasized the renewed development strategy adopted by the Colombian government based on a long-term vision. In doing so, it has developed a long-term strategic document known as the *Colombia 2019* development strategy. The national government works closely with the regions that show their interest in developing their own *2019* local plans.

Mr. Arzeni concluded the inaugural session of the conference by reminding participants of the importance of two key elements when designing decentralisation strategies. Policy makers at the national level must be aware of the importance of building the capacities of local elected officials and public servants before adopting decentralisation reforms. In addition, there is a strong need to develop an evaluation culture within local governments to reinforce long-term decision making.

MORNING SESSION

Key elements of efficient local development policies and strategies

INTRODUCTION

Investment strategies and financial tools for local development

As an introduction to the conference, **Ms. Debra Mountford**, Senior Policy Analyst and Manager of the OECD LEED Forum on Investment Strategies, presented the OECD publication *Investment Strategies and Financial Tools for Local Development* which has been translated into Spanish by the CAF. Investment strategies and local development finance have become increasingly significant in local governments' efforts to shift from industrial-based to knowledge-driven economies. In addition, local governments must finance local projects within increasingly challenging circumstances. Based on the results obtained from fifty case studies, the OECD publication presents a range of investment schemes and financial instruments aimed at delivering local development. The book, described as a *practitioner's focused book*, can thus serve as a useful starting point for decision makers when designing financial strategies. This approach is developed through ten principles of sustainable local development finance.

The lessons obtained from the case studies show that local development finance must be rethought under different terms. Cities must take into account the high cost of going from an industrial to a knowledge-based economy and must realize they now compete against other urban centres on a much wider geographical scale. In order to promote social inclusion, local policy makers must seek to associate new intermediaries other than the State such as development agencies, NGOs and the private and financial sectors. The latter have become increasingly aware of the interest of participating in what used to be seen as exclusively public development projects. Partnerships create new environments which in return, offer the opportunity to establish new ways of working. In addition, local governments must develop and reinforce a culture of policy innovation focused on efficient delivery and implementation.

The different approaches adopted by countries as seen across the case studies, along with the ten principles of sustainable development, offer local decision makers a learning model allowing them to rethink their own investment and financial policies. The book also offers a certain number of general conclusions obtained from the case studies which are important to consider when designing new investment tools and financial strategies.

PANEL 1

The role of multilateral organizations in empowering local authorities: Lessons from an international perspective

The first panel of the conference was lead by **Ms. Gabriela Miranda**, Policy Analyst for the OECD LEED Programme. The objective of the panel was to exchange experiences with multilateral organisations working in the field of local development.

The first presentation was carried out by **Mr. Miguel Castilla**, Chief Economist and Head of Public Policies and Competitiveness, CAF. Mr. Castilla's presentation focused on five challenges that local governments and local development actors must face in order to promote sustainable economic development. In addition, he introduced the fields through which cooperation can be established with multinational organisations such as the CAF.

The first challenge is that of fostering inclusive and equitable economic development. The high urbanisation rates seen in Latin America over the last few decades have turned cities

into the most important contributors to national economic growth. As a result, economic development policies implemented at the local level have a significant impact on countries' overall economic performance. However, it is possible to note significant economic disparities among cities as well as within them. These contrasts have become increasingly visible in Latin America as the gaps between poverty, education and service delivery indicators continue to increase. In addition, there is a growing divide between rural and urban areas.

The second challenge involves the delivery of high quality services. In Latin America, over 50% of public services are delivered at the local level. However, in this domain it is also possible to note significant disparities among cities and regions. A recent survey carried out by the CAF in sixteen Latin American countries shows that people's perceptions of the quality of local public services vary considerably among cities and countries.

The third challenge is that of increasing the capacity of local governments to generate and collect their own fiscal revenues. Local governments in Latin America are still very dependent on revenue transfers from national governments and have very limited fiscal autonomy. Such is the case of Peru, where provinces have no competency over local tax collection.

The fourth and fifth challenges involve creating the proper conditions in order to increase collaboration and attract investment capital from the private sector, and promoting accountability and civic participation in local government.

The role of multilateral organisations such as the CAF can be very important in overcoming each of these challenges. In the past the CAF has worked with local governments to create programmes aimed at improving the evaluation of public policies, strengthening governance, reinforcing fiscal capacities, as well as financing local investment projects.

Mr. Mario Marcel, Sector Manager of Institutional Capacity and Finances at the Inter-American Development Bank (IADB) explained the role the IADB has played in recent years in helping local governments set in place economic development policies. The IADB has followed the decentralisation process in Latin America and has observed positive trends in most of the region. Despite differences between countries, there has been an increase in the number of local democratically elected authorities and increasing urbanisation rates in the region have pushed local governments to play an important role in the delivery of public services. In addition, urbanisation and decentralisation trends have changed the traditional vision of the role played by local authorities. Local governments' proximity to the population was previously considered to be the element ensuring accountability and the efficient delivery of public services. However currently, there are different rationales that go beyond this vision and that must be taken into account when implementing decentralisation reforms.

The principle of local public choice gives local governments' decision-making capacities in order to better adapt the supply of the public sector to the demands of the community. Through this approach, local governments obtain increased capacities to designate spending and use funds according to their criteria of choice. The agent – principal logic takes place primarily when national governments (principal) transfer competencies to sub-national governments (agents) in fields which don't offer significant economies of scale when carried out at the national level. However in this case, the principal transferring competencies must seek to develop the capacities of the agents in order to allow them to respond to the objectives it previously established. These logics can often reveal themselves to be contradictory and must therefore be adopted based on the nature of the public service to be transferred.

In Latin America, decentralisation strategies have often failed at properly dosing these logics when transferring responsibilities and competencies to local governments. In some cases,

local public choice mechanisms have been given priority when there was a need for strong central government intervention in order to ensure the efficient delivery of the service. In other cases, we can witness a reversed trend where certain services requiring important discretionary capacities for local governments were instead strongly controlled by a centralised intervention. In addition, most decentralisation reforms have encountered accountability, transparency and participation deficits that have reduced their impact.

Throughout this process, multilateral organisations have a very important role to play in sustaining decentralisation and helping governments articulate the phases and actors that are involved. Multilateral organisations can also play a significant role in developing institutional capacities of sub-national governments, allowing them to be better mobilize and negotiate with other local actors, and attract capital for investment projects from new sources. The IADB has developed evaluation tools for result-based management and strategic planning, and has sustained local government's efforts to improve their evaluation cultures.

Mr. Marcel concluded his intervention by highlighting the efforts made within the IADB to adapt to the new conditions of local governments in Latin America. The increased autonomy of local governments, the availability of resources and the existence of greater financial risks require multilateral organisations to innovate and adapt their tools and strategies in order to better respond to the needs of local governments.

During his intervention, **Mr. Elfid Torres**, International Manager for Research and Strategic Partnerships for the Foundation for Sustainable Development in Latin America (FUNDES) explained the role of the foundation and its role in the promotion of local development. FUNDES is an international private and non-profit organisation created 24 years ago and currently working in ten Latin American countries. They seek to promote sustainable development by supporting the creation of SMEs, improving local business environments, and offering technical assistance and entrepreneurial development services. This work is often carried out in collaboration with multilateral organisations as well as with national and local governments.

FUNDES' comprehensive and systemic approach to entrepreneurial development implies close collaboration with strong actors showing a significant level of commitment to projects set in place. The role of FUNDES is thus to articulate the actions of all local economic actors, both private and public, in order to set the bases for sustainable local development. These actions often imply counselling and accompanying local governments seeking to implement local economic development programmes.

Mr. Torres cited three examples of programmes set in place by FUNDES in collaboration with international institutions and local actors. In the region of Barrancaberreja, Colombia, FUNDES worked with Ecopetrol, USAid, the Colombian national government and local authorities to decrease the region's dependency on oil-related activities, diversify the local economy and avoid massive unemployment in the region due to a decline of this sector.

The two other examples were those of Palos Blancos, Bolivia, which sought to find economic alternatives to the illegal production of coca leaves; and the administrative simplification programme established in five Latin American countries in order to improve local business environments.

Mr. Torres finalized his intervention by presenting the guidelines of FUNDES-supported programmes:

- Participating partners must possess important budgetary and decision making capacities

- Articulate the private and public sector in order to ensure the sustainability of interventions
- In order to provide incentives for actors in charge of implementing programmes, interventions must produce short terms results event if built upon long-term objectives.

Mr. Ramiro Pizarro of the International Relations Department of the International Labour Organisation (ILO) began his intervention by presenting the ILOs declaration on *Social justice and Equitable Globalisation*. This document provides the basis for understanding the ILOs approach to local development and its social and economic dimensions. The declaration defines the four pillars of the ILOs working agenda: creation of decent job opportunities, development and expansion of social protection, acknowledgment of labour rights, and social dialogue as a means of bringing together government, employers and workers.

Mr. Pizarro underlined the strong territorial dimension of these guiding principles and their relevance to decentralisation and local development policies. Each of these four pillars serves as the basis for the four directives of the ILOs strategy on local development: territorial competitiveness, social cohesion and integration, strategies for economic and social development, and capacity building and training.

The ILOs programmes for the delivery of local development all posses a certain number of common features. They consider the local sphere as an economic space by identifying the potentialities of each territory. Economic development is seen in terms of regional competitiveness and as a result, it is of the utmost importance to establish favourable business environments and strengthen local governments' institutional capacities.

The ILO believes there are certain challenges that must be overcome in order to ensure decentralisation and local development. Traditional sectoral economic visions must give place to a more global vision with a strong social dimension. Local development must be integrated in to all decentralisation strategies and public policy reforms. Capacity building must be worked into the design of all local development strategies, and local capacities must be linked to the capacity to connect globally.

The final presentation of the first panel was carried out by **Mr. Juan Manuel Salazar**, Local Development Expert of the Bogota Office of the United Nations Development Programme (UNDP). Mr. Salazar recognized the importance of governance in creating the proper conditions for sustainable local development. The UNDP has worked to collect and centralise information and experiences in order to design local development promotion tools for decision makers. The *knowledge management process* carried out by the UNDP in Latin America was built to establishing a meeting point between the supply of information and the existing demands on behalf of local decision makers on a wide array of local governance issues.

The UNDPs work is based upon a theoretical and empirical framework, as well as on the input supplied by a wide network of human resources, institutions and experts. As a result, the UNDP has compiled an extensive database composed of 187 good governance practices throughout Latin America as well as a wide array of social and economic indicators (100 cities and 140 indicators). This information has allowed the UNDP to identify a certain number of common features found in most successful experiences: the existence of a medium and long-term strategic vision, legitimacy and leadership, constructive links between the actors, outstanding institutional performance and public participation ensuring the sustainability of actions. In addition, the UNDP has systematized this data to produced tools aimed at helping local authorities design public policies in accordance to their territories' needs. These tools include policy follow-up and surveillance procedures, horizontal cooperation mechanisms and capacity building programmes.

AFTERNOON SESSION

The leading role of local governments in the bottom-up approach

PANEL 2

Efficient local development strategies in Colombia: Lessons learnt locally

The second panel of the conference was chaired by **Mr. German Rios**, Director of Competitiveness Programmes, CAF. The objective of this second panel was to present concrete experiences undergone by local governments in the field of local development as well as analyse the practical application of the concepts presented during the first part of the conference.

The first intervention was carried out by **Ms. Martha Pinto de de Hart**, Executive Director of the Competitiveness Regional Commission in Santander, Colombia. Santander is a two million inhabitant department located in northern Colombia. The intervention was structured around three main topics:

- The ways in which Santander has addressed the competitiveness issue
- The economic sectors that have been identified as possessing a high potential for the region
- Best practices and achievements

A study carried out by the Economic Commission for Latin America and the Caribbean (ECLAC) and the University of Rosario, Argentina presents Santander as the best performing region out of three important Colombian regions. Over the last fifteen years, stable economic growth has contributed to making Santander the second most important region in terms of GDP per capita in the country. Its production structure has been judged as very competitive as well as its institutional framework. However, Ms. Pinto de de Hart explained the impossibility of knowing exactly for what reasons this region has become so competitive as the result of the lack of a long term strategic vision in previous decades. She also mentioned the unequal distribution of the benefits obtained from the region's economic growth as rural areas have particularly fallen behind.

Having realised this, the department's chamber of commerce launched an ambitious programme by creating a high-level committee comprised of members of the public and private sectors, and civil society. The committee sponsored the production of a competitiveness evaluation based on the model created by Dr. Michael Porter. On the basis of this evaluation, the committee was able to establish five priorities for competitiveness in the region: innovation and education, connectivity, entrepreneurial strategy, public sector, efficiency and participation of the financial sector. The committee, which later became the first Regional Commission for Competitiveness in Colombia³, decided to implement actions promoting the previously established priorities: communication and experience sharing, the creation of a competitiveness observatory, five crosscutting actions (internationalization, innovation, territorial marketing, infrastructure and business facilitation), and the creation and reinforcement of clusters.

At the same time, the Commission identified and integrated the region's comparative advantages and high-potential economic activities into their global strategy. Important actions were taken in order to strengthen the Oil and Gas cluster of Barrancabermeja and Bacaramanga. In addition, the Commission decided to offer increased support to

³ Santander Competitiva

agribusiness, energy and mining, research and Information and Communication Technologies (ICTs).

Finally, Ms. Pinto de de Hart presented some of the most important achievements of the Commission to date. In the field of metropolitan governance, an agreement was reached by the governor and three majors to strengthen and better coordinate the Bucaramanga metropolitan area. In addition, the Commission published a document entitled *Sustainable City-Region* to improve metropolitan governance. This work, as well as the Commission's strategic competitiveness guidelines, have been adopted by the governments of Bucaramanga and Santander, and incorporated into their own working agendas.

The second intervention was carried out by **Mr. Eric Duport**, CEO of the Chamber of Commerce of Pereira, Colombia. Mr. Duport presented an overview of the administrative simplification programme implemented in Pereira that led the city to be ranked at the top of the WBs "Doing Business" report.

In 2001, the Chamber of Commerce and municipality of Pereira decided to implement an administrative simplification programme aimed at improving the local business environment. The positive results obtained from this experiment led them to sign an inter-institutional agreement in 2004 to create a one-stop shop for business creation. People seeking to start a business would then only have to visit one office which regrouped the ensemble of services and procedures needed to obtain a business licence. The creation of the office reduced the time and cost for entrepreneurs to obtain licences⁴ and increased the number of businesses created in the territory⁵. As a result, the fiscal base and revenues of the municipality were strengthened.

The creation of the *Entrepreneurial Service Centre* has additionally allowed the city to centralize administrative procedures, strengthen the tax-paying culture of the local business community, reduce the number of normative and security infringements, strengthen inter-institutional links between the City Council and the Chamber of Commerce, and reduce congestion in the local tax office. For the business community, the actions taken have reduced the time and costs involved in obtaining business licences, reduced the risks of corruption and simplified administrative procedures. In addition, it is now possible to obtain business licences on-line through the centre's website.

During the **Question and Answer (Q&A)** session, Mr. Duport was asked what the additional factors were that lead to the outstanding ranking of Pereira in the WB report. In addition to simplicity of the business licence emission process, the WB also took into account Pereira's low export costs, the time needed to resolve judicial conflicts and the cost of registering properties. In addition, despite Pereira's lack of a direct access to an international port, the municipality has worked towards developing the necessary infrastructure allowing it to connect with the nearest ports.

Mr. Duport was also asked to present the additional measures taken in Pereira to promote competitiveness. To this he answered that through a joint effort, local authorities and the business and academic community had created a Competitiveness Regional Commission, such as the one existing in Santander. This Commission will seek to develop a city-marketing and internationalization strategy, and strengthen the region's competitive advantages and high-potential economic sectors.

Ms. Pinto de de Hart was asked about the place given to SMEs within the Commission's competitiveness strategy. The participant asking the question was under the impression the

⁴ The Service currently offers the possibility to obtain a business license in one day.

⁵ The number of businesses created increased by 25% from 2004 to 2005.

Commission was giving priority to the region's strongest economic sectors and industries. In her answer, Ms. Pinto de de Hart underlined the interest the Commission had in involving SMEs and all economic sectors of the region into their strategies and programmes. However, the Commission has been more successful in establishing alliances with certain sectors than others.

PANEL 3

Defining and delivering local development strategies: Exchange of experiences between Latin America and the OECD

The third panel of the conference was chaired by **Mr. Gabriel Duque**, Deputy Director of Competitiveness, CAF. The objective of this panel was to exchange experiences between Latin American and European local governments that have resulted in good practices for local economic development.

The first intervention was carried out by **Mr. Joe Montgomery**, Director General of the Regions and Communities Groups, UK. Mr. Montgomery presented the approach adopted in the UK to local economic development, both at the national and sub-national levels. For the last three decades, the main challenge for local economic development has been dealing with the consequences of deindustrialization and the shift from an industrial to a knowledge based economy. In facing this challenge, some British cities have been highly successful while others have lagged behind. As a result, reducing the gap and assisting in the transformation of the rust belt into a knowledge belt has been set as a priority within the British national government's local development strategy.

The themes that characterize the British local economic development challenge were summarized by Mr. Montgomery into three points:

- The existence of strong regional imbalances, particularly between northern and southern England, which can be resumed into the following paradox: northern England's labour market has strongly suffered as a consequence of deindustrialization but the region possesses and important housing supply while on the other hand, southern England has managed a successful economic transition but presents a strong housing shortage.
- The importance of promoting social mobility within local economic development strategies. For British citizens, it has become increasingly difficult to move up the social ladder.
- Social cohesion is a basic requirement for all local economic development strategies. The ethnical diversity of British society makes it crucial to reduce the gap between the rich and the poor, and to spread opportunities between racial and ethnic groups. Economic prosperity must benefit a maximum number of individuals across the social spectrum.

Having realized the importance of these three themes, the British government designed a local economic development strategy which can be summarized into the following points:

- Establishing a stable macro-economic framework as the basis for local economic development.
- Designing a long-term vision and strategy based on political consensus.
- Attracting foreign investment in order to reinforce competitiveness within Europe.

- Choosing the right spatial level for government intervention and making sure that local institutions are fit for the devolution of responsibilities.
- Creating new institutional forms such as the UKs Regional Development Agencies and local economic development companies to increase efficiency and sustainability.
- Creating innovative financial instruments such as PPPs, securisation on income, incentives to promote private-sector investments and alternative uses of public assets.
- Investing to build capacities of municipal leaders and practitioners.
- Working with the cultural and socio-economic assets of each particular territory.
- Ensuring the sustainability of local economic development.

To illustrate the last point, Mr. Montgomery spoke of the East-London harbour project aimed at creating the largest importation and shipping hub in northern Europe. The project seeks to ensure the economic sustainability of the country's most important city, which currently contributes 20% of national GDP.

Ms. Luisa Molina de Fabre, Counsellor to the Mayor of Guayaquil, Ecuador, presented the model set in place in Guayaquil for local economic development based on inclusion and social participation. According to Ms. Molina de Fabre, before the implementation of this model Guayaquil suffered from high corruption levels and a lack of institutional capacities. In 1992, a group of newly elected officials decided to break away from the centralised model of government existing in Ecuador and implemented a more autonomous local government model that has proven to be highly successful. The model was implemented in four phases:

- *Phase one:* A political and institutional rescue phase in order to consolidate governance and increase legitimacy of local authorities.
- *Phase two:* Set in place an ambitious urban regeneration programme to renovate housing, generate new uses of urban spaces and create a renewed urban identity. Urban regeneration also sought to reinvigorate economic activities by creating new niches for tourism, land development and real estate. This second phase also set in place a *corporate post-beaurocratic model* to restructure administrative procedures and increase civil participation in decision-making. At the same time, local authorities reinforced local autonomy by creating strong partnerships with the private sector and civil society actors.
- *Phase three:* The municipality assumed new competencies as part of the decentralisation process. As a result, the municipality became responsible for the construction and maintenance of the city's airport, port and bus terminal. New financial instruments were created in order to increase private sector participation in the creation and maintenance of these projects.
- *Phase four:* Establishing a long-term strategy aimed at triggering governance and sustainability of economic development. This strategy included evaluation and civil participation mechanisms. A list of priority projects were set on the agenda including a new urban development plan, large-scale public works, a public transportation system, a water distribution network and a social housing plan.

Mr. Mateu Hernandez, Director of Barcelona Activa, presented the economic transformation that the city of Barcelona has undergone over the last twenty years, as well as the mechanisms that allowed for this transformation to take place. Barcelona is at the heart of a four million inhabitant metropolitan area, and its economy is mainly built upon service-based

activities⁶. The current statistics show that Barcelona has been successful in managing the transition from an industrial to a service and knowledge-based economy. Mr. Hernandez highlighted the important role that the local government played in fostering this transition and proceeded to explain the measures that it took in order to do so.

According to the former mayor of Barcelona, Pasqual Maragall, the two elements that contributed to economic transition of the city are the municipality's capacity to create partnerships with the private sector in order to promote investment, and the application of subsidiary measures allowing an increase of proximity between local authorities and the community. These two faces of Barcelona's success story have allowed local authorities to better manage their projects, design better strategies and policies, increase civil participation, promote key economic sectors, increase investment in infrastructure, introduce innovation and increase tax recollection. Throughout this process, the municipality has often assumed responsibilities that went beyond its traditional realm of competencies.

Barcelona Activa, the city development agency, has also been a key player in promoting economic development at the local level. This public municipal enterprise works to promote business creation, improve the labour market and develop human capital. Through its on-line and daily activities, as well as its one-on-one consulting service, Barcelona Activa has advised over 1000 projects and helped create 700 businesses in the municipality.

Mr. Ubajara Leite, Technical Advisor of the Brazilian National Ministry of Integration spoke of the local development strategy followed by the Brazilian government at the federal level. After the election of President Lula da Silva, regional development was reintroduced into the federal policy agenda. Reduction of regional disparities was established as one of the *mega-objectives* in the government's Multi-annual Plan for 2004-2007. The main instrument used in the promotion of local development is the National Policy for Local Development (*Política Nacional de Desarrollo Regional, PNDR*) adopted in 2007 and executed by the Ministry of Integration.

Within the *PNDR* framework, the national government has implemented a number of tailor-made programmes at the sub-regional level. These social organization and economic revitalization programmes are designed and implemented in cooperation local authorities. Mr. Leite mentioned two examples of programmes recently created by the Ministry of Integration: the Programme for the Promotion of Sustainability in Sub-Regional Spaces and the Programme for the Development of the Border Belt (*Programa de Promoción de la Sustentabilidad de Espacios Sub-regionales* and *Programa de Desarrollo de la Faja de la Frontera*). These programmes are principally funded through Brazil's three Constitutional Development Funds and recently, the government approved the creation of the National Fund for Regional Development, a fund compared by Mr. Leite to the European Fund for Regional Development.

Most of the programmes set in place by the *PNDR* seek to create Local Productive Arrangements (*Arreglos Productivos Locales, APL*), an original economic development instrument developed by the academic sector and modelled upon the Italian industrial districts. *APLs* are defined as "the territorial agglomeration of a significant number of enterprises, mainly SMEs, and of people acting within a predominant production activity. These actors maintain links among them, even weak links, that allow them to articulate, interact, cooperate and learn from each other. They are also linked to local government agents, business and workers' associations, and credit, research and academic institutions".

The final intervention of this panel was carried out by **Mr. Jérôme Faure**, Interministerial Delegate for Innovation, Social Experimentation and Social Economy, France. Mr. Faure's

⁶ 83% of jobs in Barcelona's economy are service-related.

presentation explained the importance and utility of the Social Economy to local economic development in France. In a predominantly liberal economic context, speaking of the Social Economy has become increasingly difficult. However, Mr. Faure underlined the impossibility of fostering local economic development without it.

The Social economy can be defined as the set of economic actors existing within a competitive market whose objectives go beyond those of traditional businesses. Social enterprises are groups of people that become associated in order to manage means and resources cooperatively through democratic governance methods (one man, one voice). They represent a different way of creating businesses by which projects are understood as the satisfaction to collectively defined needs in accordance to the group's interests. In many cases, the social economy can offer effective collective responses to social needs in manners that are adapted to territorial specificities.

In France, social economy enterprises have been given a special legal status and they currently act within several fields relevant to local development such as urban and industrial regeneration, rural development and social activities. Several French key economic actors, such as the *Credit Agricole* bank, have been built upon this model. Other examples include agriculture producers' associations, cooperative banks and insurance societies. Today, the social economy represents 10% of the French GDP and 12% of the country's jobs (2,2 million jobs). They also represent an important source for innovation.

During the **Q&A session** Mr. Hernandez was asked what strategic economic sectors have been identified in Barcelona and what mechanisms have been set in place to develop them. Mr. Hernandez answered by saying that Barcelona has developed traditional competitiveness sectors such as ICTs, food and biotechnologies. However, the originality of Barcelona is that it has managed to create collaboration platforms between the public and private sectors that reduce fragmentation and increase the resources available for the promotion of particular economic sectors. Tourism for example, has been promoted through a coalition between the hotel and restaurant owners' associations, the municipality and the local chamber of commerce.

Mr. Montgomery was asked how the UK has managed to reconcile local economic development measures such as lowering taxes at the local level to attract investors, with national macro-economic policies. Mr. Montgomery answered by citing the example of the complete deregulation of financial services in London in 1989, a measure taken in order to allow the city to become the financial centre of the world. This measure prevented local authorities from taking harsh measures against the economic actors the UK government was trying to attract and therefore strongly limited their capacity to act. In addition, the measure could have had harmful effects on the labour market and the national economy. However the British government decided this was a small price to pay for the economic success this measure has entailed, and the trickle down effects that have benefited local governments.

CONCLUSIONS AND CLOSING REMARKS

The conclusions for the first day of the conference were presented by **Mr. Sergio Arzeni**. Mr. Arzeni began by saying his words should not be considered as conclusions in the sense of a finishing point, but should rather be seen as the beginning of future cooperation between the OECD, CAF and the Government of Colombia. He presented some of the most valuable lessons drawn from the first day's discussions and presentations.

- Local development should be understood in terms of a cultural change, more than a set of measures needed to be taken by governments.
- Effective leadership is key to fostering economic change. The UKs commitment to investing in the leadership abilities of its local authorities is a valuable example of the need to invest in non-tangible resources.
- Local development cannot take place without the creation of an evaluation culture. Once again, the UKs comprehensive performance assessment example is illustrative of an effective means of stimulating and penalising local governments based on the quality of their performance.
- Investment and job creation can be achieved through sectors other than high-tec. Barcelona is an exemplary case of a city capable of developing a strong tourism sector that has created a great amount of jobs and attracted capital.
- Local development must be thought under less ideological terms in order to promote social and economic development. Social enterprises represent a good means of thinking local development differently.
- As was said by the former mayor of Barcelona, eliminating barriers between the public and private sectors is a key aspect to creating more inclusive societies. This must be seen as the essence of all efficient local development strategies.

The closing remarks of the International Conference were given by **Ms. Adriana Mejia**, Deputy-Minister for Multilateral Affairs of the Colombian Ministry of Foreign Affairs. During her intervention, Ms. Mejia recognized the importance of exchanging best-practices experiences in the effort to improve Colombians' quality of life. The Colombian Ministry of Foreign Affairs has increased its efforts to establish closer ties with the OECD over the last couple of years. An example of this is Colombia's recent entry into the OECD's Development Centre.

As the host of this event, the Mayor of Bogotá, **Mr. Samuel Moreno** closed the event by welcoming this initiative in the city and by thanking the OECD and the CAF for organising this international conference. In his speech, Mr. Moreno provided some concrete examples of local development actions implemented in the city of Bogota that have had a positive impact socially and economically, notably the TransMilenio, which is the rapid transit bus system of the city.

CAPACITY BUILDING SEMINAR

INTRODUCTION OF THE THEMES

The capacity building seminar offered a selected group of authorities and practitioners from Latin American countries the opportunity to discuss, exchange experiences and learn from practical cases from the OECD. The seminar was divided into four working sessions, each of which presented a case study in an OECD and a Latin American country on the following issues:

- Public-private partnerships for designing and implementing local development strategies
- Sustainable tourism strategies for stimulating job creation at the local level
- Evaluation of local economic development strategies
- Local economic development strategies to tackle urban insecurity

During the final session of the seminar, each working group's chair presented the main conclusions drawn from the presentations, and the working sessions that followed them.

The following paragraphs present a summary of each of the case studies analysed during each of the four working sessions.

THEME 1.1

Public-private partnerships for designing and implementing local development strategies

The case of Barcelona, Spain Mr. Mateu Hernandez

Barcelona underwent a considerable transformation between 1979, the year of the first democratic elections; and 1995, the last year of Mayor Pasqual Maragall's administration. In the words of former Mayor Maragall, this transformation was the result of two factors: the creation of public-private partnerships (PPP), and the application of the proximity principle. Indeed, PPP have been one of the key elements accounting for Barcelona's success in going from an industrial city in crisis in the beginning of the 80s to a knowledge city with strong global recognition.

Barcelona's economic background

Barcelona, a city with 1 600 000 inhabitants, is the capital of Catalonia. The city is at the heart of a metropolitan region with over 4 800 000 inhabitants, representing one of the largest urban centres in Europe. The employment rate in Barcelona is 72%, and unemployment has been reduced to 7%, three points below the national average. The city's economy is highly diversified and possesses a strong tertiary sector. Services represent 84% of the city's labour market. Barcelona has nevertheless been able to maintain a strong industrial base, with over 100 000 jobs in this sector. The city's economic structure is built upon SMEs as 86% of the jobs are found within structures composed of less than ten employees.

Barcelona has also been highly successful at developing its tourism sector. For the first time in history, Barcelona received 7 million tourists in 2007.

To better understand the transformation the city's economy has undergone over the last three decades, one must compare the current economic conditions to those existing at the time Mayor Maragall took office. In 1986, unemployment rates in Barcelona had reached 20% and the industrial workforce represented 41% of the total workforce. Before the 1992 Summer Olympic Games (OG), tourism represented 4% of Barcelona's GDP, whereas today it accounts for over 14%.

This drastic transformation represents an exemplary case of an industrial city which has been capable of renewing its economy and become a highly entrepreneurial, creative and attractive centre for business and global talent.

Key elements of Barcelona's transformation

Barcelona has been able to transform itself thanks to a number of strategic elements:

- **The central role of the municipal authority:** Local government in Barcelona gained importance as a result of the leadership displayed by the municipal team. Upon their arrival in 1979, local authorities adopted an ambitious urban and administrative reform agenda allowing the municipality to become a key element of the city's transformation. The administration designed and implemented important urban renewal projects that had a significant impact on the quality of life, and set the basis for a strong and sustained economic development.
- **Infrastructure investment:** Developing transport and communication infrastructure was set at the top of the municipalities' agenda, particularly after Barcelona's nomination for the OG. As a result, the regional airport was transformed into an international airport, ring roads were built to decongest the downtown area, and a seafront renewal programme was implemented with the replacement of the railway network.
- **Urbanism as an element of economic transformation:** Barcelona sought to renew disused areas and wastelands and find alternative uses for remaining available urban spaces. By doing this, the city was able to transform unoccupied industrial areas into knowledge-economy development centres. High quality urbanism has therefore played a key role in the city's development.
- **The priority given to social cohesion:** Local authorities understood social cohesion not as an instrument to increase competitiveness, but rather as one of its basic components. Through the application of the proximity principle, Barcelona underwent a strong administrative decentralisation enabling it to answer to social demands at a grassroots level. As a result, Barcelona has been able to transform traditionally depressed areas through micro urban interventions combining city planning, social and infrastructure actions.
- **Support the creation of economic activities:** In spite of their formal lack of competencies in the field of economic development, local authorities became engaged in designing employment and economic development strategies. *Barcelona Activa*, a municipal company created in 1986, was established to promote and support the creation and growth of businesses and employment opportunities.

The role of PPP in Barcelona's local development

The public-private cooperation model developed in Barcelona in the 1980s in response to the OG challenge, was based on developing strong ties between the public sector and what came to be considered as civil society (the business community, institutions, trade unions, business associations and infrastructure administrators). This was done in order to satisfy the need to develop new models for public project management, attract capital, and to compensate for the relatively weak role of the Spanish State. The OG were therefore a catalyser for PPP involving full participation of civil society and business community representatives in public initiatives. This grassroots approach allowed local authorities to generate a wide consensus around the OG. This "olympic peace" neutralised partisan debate and increased the local administration's legitimacy in acting as the head of the project.

This public-private cooperation model has contributed to the following fields:

- **Public policy design and consensus building:** After being selected as the host city for the OG, the municipality created a strategic plan (*plan estratégico*) defining the actions to be taken upon the conclusion of the games. This document identified the OG as an instrument for Barcelona's modernisation, and served as the basis for public-private cooperation in the design of public policies. Involving a broad number of local economic actors to the creation of the strategic plan allowed for the establishment of long-term objectives and to ensure continuity in the strategy that was adopted.
- **Innovation in the policy making process:** The dialogue established among economic actors facilitates the introduction of innovative issues, programmes and policies crucial to understating local realities, into the public agenda. This cooperation allowed Barcelona to transform a former industrial zone into a technological district (*distrito 22 @*) and an area for the creation of new businesses and economic activities.
- **Long-term project management:** Public authorities share power and decision-making capacities during the decision-making process of project management. Public-private cooperation in this field represents an efficient way of attracting investment capital for specific projects.

PPP can be categorized according to the field of action they are carried out in or to the selected partnership model. In Barcelona selected fields include strategic planning, consensus building for employment policies, infrastructure management, tourism and economic development policies such as cluster-based industrial development and emerging sector promotion.

Partnership models include:

- **Participative partnerships:** It implies sharing decision-making capacities, information, financing and human resources.
- **Advisory partnerships:** It seeks to integrate the opinion of a selected group of civil society representatives in the implementation of strategic projects.
- **Operational partnerships:** Specific public services are outsourced to private non-profit organisations.
- **Contribution partnerships:** It is based on financial contributions from the private sector to public policy projects.

It is important to note however, that several partnership models can be established for a single project. It is important however to take into account the nature of each participating actor when deciding which type of partnership to create for a particular project.

Based on Barcelona's experience, it is possible to establish the advantages, limitations and requirements for public-private cooperation.

Advantages include:

- A better recognition of the interests of each of the actors implied
- Long-term sustainability of projects
- Introducing innovation, regenerating ideas and transferring knowledge
- Sharing risks and responsibilities
- Increase and improve human resources in charge of implementing projects
- Increase financial resources and investment capital
- Added prestige and recognition for the private sector

Limitations include:

- Legal frameworks that make cooperation less feasible
- Mistrust from the private sector towards the public sector
- Time limits and project delays due to the existence of multiple actors
- Potential paralysis of projects due to conflicting interest
- Social representation problems

Requirements include:

- Strong leadership within the public and private sectors
- Technical support
- Selecting a methodology prior to the creation of a cooperation mechanism

Public-private cooperation has been one of the key elements in Barcelona's transformation. It has been through this type of cooperation that a widespread consensus has been built around long-term strategies and policies. These policies and strategies allowed Barcelona to increase available resources used in transforming the city, and introduce innovation into local development programmes.

The case of Ciudad Victoria, Pereira (Colombia)

Dr. Adriana Vallejo

The municipal administration of Mayor Martha Elena Bedoya Rendon implemented an ambitious urban renewal project known as the Ciudad Victoria Project (CVP), in the city of Pereira. Public-private partnerships were a key element of success during the design and implementation phases of the project. As a result, the local economy was strengthened, the city regained the trust of local and national investors, and a highly socially and physically deteriorated area of the city was rehabilitated.

Economic and social context of Pereira prior to the CVP

Pereira suffered from high levels of violence and insecurity, specially in its downtown area. The homicide rate reached 97 for every 100 000 inhabitants, thirty points above the national average. The former city market area, located at the heart of the city, had become one of the most dangerous places in Pereira. The 1999 coffee crisis and earthquake strongly affected

the regional economy. Between 1997 and 1999, the unemployment rate doubled within the metropolitan area.

Pereira concentrates 50% of the population of the Risalda department, and it accounts for 70% of its GDP. Overall, the city's economy represents 1.1% of the national GDP. The tertiary sector, which has outgrown the industrial agricultural sectors, accounts for 70% of the added value of the city's economy. This contribution is ten points above the national average. The CVP has additionally strengthened the commercial and service sectors in the downtown area of the city.

Prior to the realisation of the CVP, the deteriorating conditions of the former market incited several municipal administrations to attempt to renew the area. However several legal, technical and social obstacles impeded them from succeeding.

Description of the project

In 2001, after carrying out a population study of the former market area, the municipal team set in place an urban renewal programme that included an important social component. The survey showed the population living in the area as doing so under very fragile conditions. This programme served as a starting point to what would become a more ambitious urban renewal project aimed at strengthening the neighbourhoods commercial vocation, attracting private investors and reinvigorating commercial and service activities in the downtown area. When designing the project, the municipal team kept in mind the need to attract private investors and satisfy social demands.

In 2002, a law passed by the Colombian Parliament (*ley 388*), allowed the city to create the Urban Renewal Plan for Ciudad Victoria (Plan Parcial de Renovación Urbana Ciudad Victoria). The project was designed to impact the whole of the 3 million inhabitant region surrounding the city. The project divided the area into seven units with combined land use rules (commercial, services, housing, culture, squares and parks, pedestrian areas, and parking spaces). The majority of the investments were carried out by the private sector.

Implementation and outcomes of the project

Mayor Bedoya played a key role in mobilising the actors in charge of designing and implementing the social, security and financial components of the projects. To address the social and security issues existing in the area, the municipality created inter-institutional committees made up of public authorities, associations and private sector representatives. At the same time, the investment strategy was led by the municipality in collaboration with private sector investors. One of the difficulties they encountered was generating trust among private investors, especially due to the volume of investment that required at the time. This problem was overcome thanks to the municipal government's commitment and respect of its engagements.

The CVP received the *Leopoldo Rother Prize* during the XIX Colombian Architecture Biennale due to the contributions it made in the field of participative urban planning. The project has strengthened the local economy and helped recover strongly deteriorated areas that now contribute to the city's capacity to attract capital and economic activities. The project as it exists today, has the capacity to create 5 000 jobs. Between 2002 and 2006, the project contributed to the creation of 2 200 businesses in Pereira, and to helping the local economy grow at a rate of 3.8%, compared to the 3.1% growth rate existing at the national level. Additional results include providing services and protection to street children and the homeless population, relocating and normalising informal street vendors, and reducing the illegal substance market existing in the area.

The key element of success of the project was the institutional dedication and commitment led by Mayor Bedoya. All local government dependencies and a large number of non-governmental institutions were associated to the project from the moment it was created in 2001.

In order to promote urban renewal, the public initiative in Pereira decided to establish ties with the private sector and attract private sector capital. As a result, a low amount of public funds allowed the city to mobilise a significant volume of private investment capital. The CVP is an example of what can be achieved when a local government decides to concentrate its efforts and lead urban transformation efforts. Urban renewal projects must contain social, economic and physical component in order to insure long-term sustainability.

THEME 1.2

Sustainable tourism strategies for stimulating job creation at the local level

The case of Bonito, Matogrosso (Brazil) Mr. Ubajara Leite

The city of Bonito is located in the state of Mato Grosso do Sul, in central Brazil. Bonito has a 17 200 inhabitants, 76% of which live in urban areas. The local economy has undergone an important transition over the last three decades. Previously specialized in agriculture and mining activities; the service sector now contributes to 53% of the city's GDP. This transition has resulted from the will to stimulate ecotourism around the region's natural attractions.

During the 1980s, the Brazilian agricultural crisis had a strong impact on Bonito's economy. Ecotourism was thereafter identified by local authorities as an economic alternative to the region's declining primary-sector. At this time, the area's natural attractions such as the *Agua Azul Caves* and the *Isla del Padre* were principally visited by local inhabitants. In 1985, the creation of the Municipal Water Park (*Balneario Municipal*) represented the first step taken by public authorities to create a large-scale tourist destination. An additional measure taken in this direction was the training of tourist guides through courses organized by the department, the University of Mato Grosso and the public SME support service.

At this point, local authorities had clearly identified and placed ecotourism at the centre of their local economic development strategy. Partnerships were established between local economic actors, public and private, to collectively define actions and develop a long term strategy to develop the sector. The creation of the Municipal Tourism Council (COMTUR) and the Municipal Tourism Fund (FUNTUR) in 1995 allowed public and private actors to establish regulation mechanisms for tourism activities to better organise tourist services and reduce their impact on the environment. The COMTUR, composed of municipal, State and local business community representatives, offers a meeting point for local economic actors to develop strategies and design tourism promotion initiatives. These initiatives are funded by the FUNTUR, a fund financed by the public and private sectors.

These joint efforts allowed the city of Bonito to re-define the use of local land and spaces to re-structure the local economy. The city successfully diversified the economy while reducing its overdependence on primary-sector activities such as agriculture and mining. In addition, the city has become an important tourist destination on the national level. The number of hotel rooms in Bonito underwent a 40% increase from 1993 to 2007 and the city now attracts 100 000 tourists per year. This transition also allowed local authorities to improve local infrastructure and services such as highways, the city airport, and waste-disposal and water services.

The main challenge in implementing this strategy was ensuring that the new activities would not have a negative impact on the environment. In addition, coordinating different levels of government to prevent the duplication of efforts and ensure the delivery of benefits to the population also represented a challenge for local authorities.

The case of Belleville and Les Marais de Vigueirat, France Mr. Guillaume Cromer

The “Ça se visite” urban community-based tourism project, Belleville

This project was implemented in the Belleville district of Paris, France. Until the XIX century, Belleville was known for its country-style architecture and attracted an important number of visitors. Over the last century however, this part of the city was radically transformed both physically and socially as a result of unorganised city-planning, industrial decline and the arrival of a significant number of immigrants. Today indicators show the population living in Belleville as doing so in fragile conditions. Unemployment rates reach 8%, three points above the city average, the population density is two times higher than that of the rest of Paris, and there are 20% of inhabitants living with less than 735 EUR per month.

Despite these difficulties, Belleville is an area with an important cultural, ethnic and architectural heritage. Several local initiatives have been born out of the will to recover and exploit these assets. The *Belleville-Insolite* project began in 1999 as a result local authorities and associations' commitment to develop the area and improve the quality of life for its inhabitants. In addition, the French government had recently created an employment promotion programme encouraging job creation for youth in the non profit sector (*Nouveaux Services, Emplois Jeunes*) benefiting the association.

In the beginning, *Belleville-Insolite* was established to create jobs for local youth. In terms of operational objectives, the association sought to create, sell and organise participative tourism services and educational tours in the area, with the support and participation of the local population. Visitors could discover Belleville by meeting its inhabitants, shop-keepers and artists at home and at their workplace.

Belleville-Insolite was the first urban community-based project established in France. It was extremely innovative because it was designed around the local population and its creation and operation involved mobilising a large number of local actors. The project was built upon the principle of participative democracy. The *Belleville-Insolite* association in charge of implementing the project undertook important work to build consensus around the project from the local population. Consultations with inhabitants were regularly organised to explain the objectives and the potential benefits of the programme. Funding for the association was provided by multiple public and private sector actors. In addition the association attracted a large number of volunteers helping to promote and run the project.

The end of the *Nouveaux Services, Emplois Jeunes* programme in 2005 marked the end of *Belleville-Insolite*. However, former employees decided to continue the programme and created the *Ça se visite* association. The new association continued the work done by *Belleville-Insolite*, urban guided tours and rallies, but the emphasis was set on creating a self sustained community-based tourism project, without public aids. The association's tourism initiatives were built around three principles of intervention:

- **Social:** creating jobs, establishing local partnerships, provide professional training and work experience
- **Economic:** promote economic development in the area, develop a branding strategy for Belleville, diversifying the local economy

- **Environmental:** promoting the local social, cultural and architectural heritage.

In 2007, *Ça se visite* received over 2 200 visitors. The association has contributed to improving Belleville's image, creating employment, diversifying the local economy, establishing partnerships among local associations and economic actors. In addition, the associations employees and volunteers gained valuable professional experience and skills that led many of them to find an employment in the tourism sector. From 2000 to 2004, more than 30 young adults worked as guides for the association.

Some obstacles however, had to be overcome to make this project work. When public funds were completely cut off, the project had to be reorganized in order to become financially viable. The project had to be re-thought as a business initiative, and not as a public employment assistance programme. The project also had difficulties in attracting national and international tourists. Due to its innovative practices and approach, the project had a difficult time creating a niche in the conventional tourism market.

In order to duplicate the experience undergone by Belleville, local practitioners must ensure the existence of certain elements in the selected area: a strong cultural heritage and diversity, widespread social commitment to the project, leadership on behalf of local authorities, a strong and dynamic NGO network.

The “Vigueirat Marshes” community-based ecotourism project

The Vigueirat Marshes are located in the Provence Region in southern France. They are made up of a mosaic of natural wetlands characteristic of the Rhone River's delta. The area's biodiversity is one of the richest in France and Europe. The marshes are largely uninhabited. The only urban settlement in the area is Mas-Thibert, a small village highly specialized in agricultural activities and suffering from a high unemployment rate: 20% compared to 7% at the national level.

The Vigueirat Marshes project was created out of local authorities' will to promote and diversify the area's economy by developing a tourist attraction while preserving and respecting the local environment.

Since 2001, the creation of a management plan for the site was entrusted by national authorities to a local association, “Friends of the Vigueirat Marshes”, in cooperation with the city of Arles and the World Wildlife Foundation – France (WWF). The 2001 plan developed concrete actions and a strategy to create a large scale tourist attraction for the area. A highly successful pilot project implemented in 1996 incited the partnership to take steps in this direction. By the time the 2001 project was officially created, the region had already received 15 000 visitors and created 40 jobs. The objectives established for the new project included:

- The conservation of existing agricultural activities
- Job-creation
- Developing community-based partnerships
- Creating a cultural and environmental education programme
- Establishing a regional tourist attraction destined to receive 100 000 visitors annually by 2015

In 2003, the Vigueirat Marshes received funds from the LIFE programme, the EU's financial instrument supporting environmental and nature conservation projects. The project came to be known as *LIFE Promesse (Projet de Management Environnemental sur un Site Ecotouristique en Camargue, Environmental Management Project on an Ecotourism Site in Camargue)*. *LIFE Promesse* developed actions aimed at adapting visitor centre facilities in order to reduce human impact on the environment, associate local land users to the project,

and increase awareness and knowledge sharing. Broader objectives included developing a long-term strategy to promote environmentally responsible economic and social development, contributing to the improvement of local inhabitant's quality of life, and creating economic activity and employment opportunities.

The project was carried out through multiple public consultation mechanisms to ensure community support and contributions. In addition, a wide network of stakeholders and contributors was created to implement and finance the project. In total, eleven French and European partners were involved and offered financial and technical support the programme. As a result, the project has contributed to creating a culture of participative democracy, strengthening local public-private partnerships, reducing environmental impacts of tourism activities, promoting local economic development and increasing nature preservation awareness.

Some obstacles however, had to be overcome to make this project work. Bringing eleven partners and the area's inhabitants into the project required strong leadership and know-how on behalf of the "Friends of the Vigueirat Marshes" association. The support provided by the WWF and the EU also contributed to creating support and commitment from stakeholders. The most important challenge however, was acquiring the necessary tourism marketing and business tools to make the project work. None of the partners had the necessary know-how in this field prior to implementing the programme.

THEME 2.1

Evaluation of local economic development strategies

The case of Rosario, Argentina Mr. Marcelo Cavarozzi

From 1997-2007 the city of Rosario implemented a set of economic development policies allowing it to overcome social, economic and political difficulties. The *ex-post* evaluations have allowed local authorities to identify the key elements that have made this a successful economic development strategy.

The city of Rosario is located on the southern fringe of the Province of Santa Fe, 300 km. from Buenos Aires. Its 945 000 population places it at the heart of the Greater Rosario metropolitan area, composed of 11 municipalities. Together, the city of Rosario and the 11 neighbouring municipalities represent over 50% of the province's population and GDP. The city is one of the country's most important industrial, commercial, financial and agricultural centres.

The most important challenges the city has overcome in order to deliver efficient economic development policies include:

- The limited autonomy given to municipalities by the 1962 Provincial Constitution of Argentina
- The existence of a weak state that delegated competencies to sub-national governments without the necessary funding
- Industrial decline and massive unemployment after the introduction of open-market policies
- The financial crisis of 2001 which increased unemployment and poverty rates
- The existence of deteriorating democratic institutions and mechanisms, at the local and national levels of government

In the effort to overcome these obstacles, local authorities developed policies and public management tools allowing it to create a new model for public participation, planning and management. After the election of Mr. Hermes Brenner as mayor of Rosario, local economic development was set at the top of the policy agenda due to the need to reinforce the city's competitiveness. The experience undergone by Rosario can be divided into two periods. Between 1995 and 2002, a limited budget forced local authorities to focus on delivering efficient social and health policies, while reducing infrastructure deficiencies and implementing an administrative and institutional reform. The second period going from 2002 to 2007 is characterised by economic growth and the implementation of a wider array of economic development policies: job creation, city branding, and support for local businesses.

The policies implemented during the two phases followed two main objectives: strengthening the local social and economic tissue; and improving the performance of the local public administration. Examples of the former include the creation of the Rosario Strategic Plan, and the Rosario Regional Development Agency; while examples of the latter include measures taken to decentralise the city's administrative apparatus, and the creation of a Participative Budget.

Argentina has not developed a strong evaluation culture on neither the national nor the sub-national levels of government. The evaluation of the economic development policies implemented by the city of Rosario has been instead carried out by external institutions such as the United Nations Development Programme (UNDP) and the ILO.

The UN Good Governance Prize was awarded to Rosario by the UNDP after an evaluation was carried out on the following points:

- The construction of a collective long-term vision for local development
- Local individual and collective leadership capacities capable of increasing stakeholder commitment to local development projects
- Partnerships among local stakeholders, both public and private
- Good government practices and tools ensuring accountability and transparency

The evaluation's methodology included both quantitative and qualitative tools such as surveys, interviews, data collection, statistical analysis, consultations with the populations and round tables.

The ILOs evaluation of local economic development policies took into account:

- The links and levels of cooperation between different government levels and local economic actors
- The emphasis given to creating high quality positions in the labour market and increasing the possibilities for the unemployed to re-enter the labour market
- Improving local economic actors' capacities

The results obtained from these two evaluations shed light on the factors that contribute to the success of the city's economic development policies:

- Civil participation mechanisms must be included in all economic development policies
- Establishing partnerships and cooperation among all stakeholders and economic actors
- The need for strategic and long-term planning documents and tools

Key issues in assessing strategy impact: The importance of net impact analysis

Mr. Randall W. Eberts

Local economic development initiatives may spark unwarranted competition among local governments that pit one jurisdiction against another in attracting and retaining firms. It is therefore important to understand which initiatives do what, for whom, and at what expense. In order to respond to these questions, it is necessary to isolate and analyse the **net effects** of specific initiatives. Yet this requires more than simply associating the timing of an initiative with the change in a region's unemployment rate or an increase in employment. Indeed, many factors affect economic conditions, and it is thus critical to be able to sort out the contribution of a specific economic development initiative from other factors that are not associated with it.

Local economic development programmes often use public funds to assist private sector activities. Ensuring these programmes actually enhance social welfare is one of the reasons for which it is crucial to consider net impact evaluations as an integral part of the design and implementation of economic development initiatives. In order to increase the possibility of policy efficiency (the policy's benefits to exceed its costs) economic developers can follow a few simple steps:

- **Identify the problem the region is facing:** Problems addressed by economic development initiatives typically relate to deficiencies in the local area that impede businesses from successfully competing with businesses in other regions. It is important to involve key stakeholders and use sound information in the definition of the problem.
- **Construct and articulate a vision for the region:** Strong leadership is needed to build consensus and communicate the vision that will mobilize the community around the proposed initiative. The community needs to establish clear goals and objectives in terms of outputs for the activities put in place and outcomes for the region. There must be a clear distinction between desired inputs, outputs and outcomes.
- **Engage competent professional staff in creating the organization that will implement the initiative:** the staff must be aligned with the goals set forth by the community and be held accountable for the results obtained.

Therefore evaluation should be integrated into programmes at the moment the problem is identified and defined so that attention is focused from the beginning on the desired change and the outcomes that measure success.

The appropriate methodology for evaluating economic development programmes depends on the type of programme being evaluated. Economic development programmes can be classified into three groups:

- **Assistance to individual firms**, predominantly to SMEs (not all firms participate, either firms choose to participate or the programme establishes participation criteria)
- **Place-based initiatives** targeting distressed areas by offering tax incentives to attract and retain businesses within a specified region
- **Assistance throughout the area** sponsoring the programme to attract and retain business activities (all firms all eligible for assistance)

Net Impact Evaluations (NIE) offer answers to whether these types of programmes actually make a difference in the region and if the benefits exceed the costs. In order to do so, there is a need to estimate the net outcomes of the programme. This means subtracting from the

gross outcomes, the factors that affect gross outcomes but are not attributable to the programme (extraneous effects and design effects).

Net outcome= gross outcome – extraneous effects – design effects

The main task of NIE is to find ways to subtract the extraneous effects and design effects from the gross outcomes. There are three basic methods that are used to do so in conducting NIE:

- **Surveys:** A survey is asking programme participants to distinguish between the effects of the programme and the effects of unrelated factors in gross outcomes.
- **Statistically control for observed variables:** Adjust the gross outcomes of the participants by subtracting the effects of factors not attributable to the programme. This involves placing measures of observable and measurable characteristics in a regression analysis that includes regions with and without the programme to purge the gross outcome of factors not attributable to the programme effects.
- **Construct comparison groups:** Compare the outcomes of a comparison group (non-participants of a programme) with the outcomes of a treatment group (programme participants) to determine the net impact of the programme. There are three different models to create cross comparison groups:
 - **Random assignment:** individuals who would otherwise have received the treatment are randomly excluded from receiving it.
 - **Propensity score matching:** Matching characteristics of regions or individuals that are not receiving services with those that are.
 - **Difference-in-Differences:** Unlike propensity score matching, this model requires less information about regions or individuals in the treatment and control groups. This approach divides the unobservables in the outcome equation into fixed-effect and time-variant components.

The NIE approach to evaluating economic development policies does however have some limitations. NIE allow us to observe outcomes of those participating and outcomes of those not participating, but they do not allow us to observe the key factors that make the programme a success or not. Therefore, additional steps need to be taken to look inside the “black box” to study the elements of the programme that account for its failure or success. Surveys, focus groups and programme audits are apt to offer more insight on what makes these programmes work or fail.

NIE are critical for sound decision making regarding economic development policies. Only with NIE can one tell whether a programme is making a difference to the region or the participants it intended to assist. The next step of NIE is to compare the results obtained from it to the cost of providing the programme.

THEME 2.2

Local economic development strategies to tackle urban insecurity

The cases of Medellin and Bogota, Colombia Mr. Hugo Acero and Ms. Sonia Cardona

The cities of Bogota and Medellin have 7 321 000 and 2 249 000 inhabitants respectively. Together, these two urban centres contribute to over 30% of Colombia’s GDP. The levels of unemployment in both cities are not far from the national average, 10.5% in Bogota and 12.2% in Medellin.

Over the last two decades, both cities have become an important example of cities capable of overcoming urban insecurity through social development and urban renewal policies. In tackling urban insecurity, Bogota and Medellin have both substituted the traditional coercive model (police, justice and prison) to a preventive model based on the protection of civil rights and political liberties.

In 1991, the levels of insecurity in Medellin peaked as homicide rates reached 381 homicides for every 100 000 inhabitants. This brought the total of homicides to 6 700 for the year, making the city as one of the most dangerous in the world. Through efficient local initiatives, national and local authorities managed to bring the homicide rate down to 29 homicides for every 100 000 inhabitants by 2007.

In Bogota, 1993 was recorded as the most violent year in city history. During this year, homicide rates reached 80 homicides for every 100 000 inhabitants. However by 2007, this number had been reduced to 19 thanks in part to the efforts of local public authorities.

Medellin and Bogota both witnessed a rise in urban insecurity as a result of the escalating activities of drug cartels, guerrillas, organised crime and paramilitary groups within their circumscriptions; and as a result of poor urban planning and the lack of social integration mechanisms for rural immigrants. Actions to prevent and reduce this phenomenon were not taken due to the lack of presence of the State and local authorities. During the 1980s and 90s, crime became strongly embedded in both of these cities' societies and daily life.

These cities' success stories possess a number of common features:

- **A leading role of the mayor in implementing urban security policies:** Despite the responsibilities given to mayors in Colombia's Constitution in the field of security, public order activities and competencies were frequently assumed by the National Police Corps and the State. However, mayors in the cities of Bogota and Medellin became actively involved in the field through the creation and implementation of insecurity reduction policies.
- **Creating an adequate institutional framework for urban security management:** Cities need to have the adequate institutions and administrative bodies in charge of implementing security and prevention policies. Both cities have created Security Councils headed by the mayor and institutions offering logistical assistance to armed forces and the police.
- **Inter-institutional coordination:** Across the board cooperation among actors in charge of guaranteeing public order is crucial to reducing urban insecurity levels. The Security Councils established in Bogota and Medellin both offer a common discussion forum for participating actors and institutions.
- **Reliable information systems:** Developing an efficient urban security strategy requires obtaining reliable information. Both cities established information systems producing detailed data and statistics to the design and implement of security policies.
- **Developing a long-term strategy based on stakeholder consensus:** Medellin and Bogota both created Comprehensive Urban Security Plans (*Planes integrales de convivencia y seguridad ciudadana*) in cooperation with local actors involved in the field of security.

The case of Belfast, Northern Ireland

Ms. Marie-Thérèse McGivern

At the beginning of the 20th century, Belfast prided itself on having the vision to create an energy and water infrastructure in imaginative and entrepreneurial ways and boast technological expertise in textiles, shipbuilding and engineering. At the time, the city was the

third industrial centre of the British Empire. Throughout the following century though, the city's economy slowed down at increasingly rapid rates. While Belfast shared the fate of many industrial centres in the 1970s and 1980s (decline of the industrial structure, rise of globalisation and movement of jobs to new economies), the impact was further compounded by thirty years of sectarian and political strife that left the city with a legacy of thousands dead, a sectarian geography, dereliction, devastation and largely impotent governance structures.

The Peace Process and the Good Friday Agreement in 1998 became turning points in the city's cycle of decline. The impact of the process created a sustained period of growth and investment in the city. Since then, the city's economy has undergone significant restructuring, with the declining industrial sector being replaced by new sectors in services, finance and knowledge. Belfast also became one of the most important tourist destinations in Europe and managed to create new service infrastructure of hotels, restaurants and attractions.

However, most of these changes happened in spite of the city's governance structures rather than because of them. The prolonged period of violence in the city created a governance structure that was over-institutionalised and over-architected, characterised by a strong democratic deficit. By the time the Peace Process took place, the region was governed by 11 central government departments, 26 councils, 5 education boards, 5 health boards, over 100 quangos (Quasi-autonomous non-governmental associations) and hundreds of partnerships. Within this highly fragmented governance context, the City Council took on a key role in developing a single vision for the creation of a new development process. In doing so, the Council led a public conversation to draft the "Becoming a Better Place" plan, a document setting the framework for the development of the city over the next 15 years.

The Council then commissioned research on Belfast that would serve as a baseline of data and information about where the city was and where it would go. This research sought to find an answer to three questions:

- How competitive was the city?
- How attractive was the city?
- How well governed was the city?

Initial results contained both good and bad news for Belfast. Innovation, connectivity and the quality of the workforce seemed to be the fields requiring immediate actions for improvement. Studies also showed that the importance of Belfast to the regional economy had traditionally been underestimated. Figures established Belfast as the regional employment centre with the region's best qualified workforce. The conducted research also showed Belfast as having difficulties in relation to governance while arguing that successful cities exhibit the capacity to create a common vision and consensus around action.

Based on the results obtained from these studies, the City Council established a list of the most important actions needed to be carried out in order to strengthen the local economy. They began by building consensus around a single development project. This was done through the State of the City event, an event that brought together over 300 participants representing the public, private and community sectors. Since the first State of the City took place in 2004, the city has organised four additional events and has created the City Development Company, a company whose board is made up of a partnership between the public private and community sectors.

The Council also carried out work to identify and build upon the potential of the city's asset. Local authorities realised that in spite of the city's history of violence, the local population was very welcoming to strangers. Based on this social asset, the city began to invest heavily in tourism and to develop tourist activities and services. As visitor numbers increased, the

Council formed a strong partnership with the private sector that served as the basis for an investment programme to build hotels, restaurants and develop the tourism service sector.

With the success of tourism in the city, the Council also began an ambitious city regeneration programme creating leverage with assets at its disposal. With the help of funding from the European Union, the city transformed the former Gasworks energy production plant into a mixed-use site that includes a public park supporting 4 500 jobs. Through the “Renewing the Routes Programme” the city also transformed many derelict arterial routes that were home to some of the city’s poorest communities.

The changes that have shaped Belfast’s new success are built on three elements:

- **The creation of transformative leadership:** The fundamental element for sustainable long-term success revolves around the ability of a city to create a coherent and consensual vision for the future with the capacity to deliver it.
- **The ability to create wealth:** This being the driver to forms the investment fund for development.
- **Provision of an improved quality of life:** Making people want to live in and visit the city. Quality of life factors, while not seen as the foundation elements of making a city successful, are increasingly seen as the “soft” factors which give cities the edges as locations.

All three elements when brought together in the right balance can produce powerful drivers for success and growth in a city.

CONCLUSIONS OF THE WORKSHOPS

During the closing session of the capacity building seminar, the chairs in charge of leading each workshop presented the conclusions drawn from the exchange of best-practices and from the working sessions that followed them.

Theme 1.1

Public-private partnerships for designing and implementing local development strategies

- PPP add value to local economic development projects and are therefore worth pursuing.
- PPP require a different mode of operation involving strong leadership to increase stakeholder commitment and participation.
- Transparency and communication tools are essential to building support and consensus around PPP.
- Partnerships must exist within a regulatory framework established by local authorities, leaving enough flexibility to deal with conflicts of interest.
- PPP must seek to build social capital.
- Ensuring long-term sustainability of public-private partnerships involves:
 - Delivering immediate results in order to build confidence
 - Clearly defining responsibilities and fields of competence for each partner

Theme 1.2: Sustainable tourism strategies for stimulating job creation at the local level

- As shown by the initiatives introduced in Bonito, Belleville and the Vigueirat Marshes, innovation is a key element in developing local tourism.
- Sustainable tourism strategies must include public consultation and participation mechanisms.
- Education is crucial to creating successful tourism projects. Tourism initiatives must not only to raise awareness on the benefits brought about by environmentally responsible tourism among the local population, but must also seek to educate visitors on the importance of preserving environmental assets.
- Continuous social dialogue reduces the possibility of reject on behalf of the local population.
- Tourism development strategies must adopt a bottom-up approach and must be built upon wide social consensus.

Theme 2.1: Evaluation of local development strategies

- Evaluation tools must be integrated into economic development policies from the moment they are designed.
- It is crucial to create an evaluation and monitoring culture within local governments
- There are three steps that need to be followed when evaluating an economic development policy:
 - Identifying the problem and defining the expected outcomes for the area

- Defining the methodology and the actors in charge of executing each step of the evaluation
 - Focus on outcomes and not only on outputs of each policy
- It is necessary to take into account extraneous effects that impact outcomes of economic development policies when evaluating them. It may be very difficult however to subtract all extraneous effects from gross outcomes in order to obtain net outcomes.
- Measuring net impact requires constructing comparison (non participants) and treatment (participants) groups. This can also be done however through surveys, although these can be less reliable.
- Net impact evaluations don't allow us to know why a policy was successful or not. Doing so involves creating a different set of more elaborate tools such as surveys and statistical analysis.

Theme 2.2: Local economic development strategies to tackle urban insecurity

- Democratic accountability allows the creation of partnerships in the fight against urban insecurity.
- Initiatives must be institutionalised in order to ensure their survival, especially in cases where there are frequent administration changes.
- It is important to define a long-term economic development strategy taking into account local assets and competitive advantages.
- Monitoring and evaluation tools must be designed to ensure programmes are continuously improved and take into consideration the needs of the population.
- Tackling urban insecurity requires a coordinated approach and high commitment levels on behalf of actors involved in implementing actions.