



Coffee producer in Cañasgordas, Antioquia

3 Local Economic Development Planning in Mining Contexts

What is local economic development planning?

A prospective, inclusive and sustainable exercise

“To plan Local Economic Development (LED) we asked ourselves a couple of questions: How do we see ourselves in ten years? How do we integrate urban and rural communities, public and private organizations, young people and women, in the development of our town or city? How do we plan LED while respecting our cultural backgrounds and our environmental challenges? How do we plan LED with a gender focus?”

Lucelly Graciano Betancur
Leader and member of the LED Committee of Buriticá, Antioquia

To prepare and organize our region

“The Local Economic Development Plan was an exercise of community preparedness, to seize the opportunities we have in our region. We were not prepared and did not have a plan. For us, development meant producing in order to sell at the farmer’s market. Now we have a LED Plan: now we have our house in order and we have a strategic horizon.”

Juan Úsuga
Municipal Official of Cañasgordas, Antioquia

A process that promotes citizen participation

“We brought social, political and economic leaders to participate in building local economic development. The community, the private sector, academia, youth and women, and minority groups have been engaged because we want to hear their priorities, perspectives, and ideas for development.”

Yudy Pulgarín
Mayor of Frontino, Antioquia (2016 - 2019)

Long-term vision for development

“Local Economic Development Plans have been approved as public policy by municipal councils and this enables municipalities to plan in the medium and long term. Now municipalities are planning for the long term, something that was not a priority.”

Jonnathan Osorio
Social Management Manager Continental Gold, Antioquia

What is local economic development?

There are multiple definitions and ways of approaching local economic development. The approach of CISAL was based on the definition of Francisco Alburquerque (2015) and the International Labor Organization (ILO):

Local Economic Development is “a participatory development process that fosters collaboration agreements between the main public and private actors in a territory, enabling the design and implementation of a common development strategy based on taking advantage of local resources and competitive advantages in the global context, with the ultimate goal of creating decent jobs and stimulating economic activity”¹³.

The LED approach, as promoted by CISAL, includes:

- Fostering local government leadership by encouraging a culture of LED planning
- Generating benefits for all actors in the city or town (shared value)
- Valuing the importance of small and medium businesses (SMBs)
- Promoting women’s participation in the economy
- Promoting innovation in all economic processes
- Enabling local producers to be a part of the supply chains of mining companies and new markets

Why is LED planning important in mining contexts?

At the national level, the extraction of non-renewable resources is an economic activity that can generate foreign investment, taxes, and royalties to finance public expenditure. However, at the local level, communities have often seen that few, lasting jobs are created, the cost of public services increase, and even armed conflicts can be exacerbated. Ultimately, mining projects can often result in more negative than positive social and environmental outcomes for local communities.

On the other hand, academic research provides evidence that, in Latin American countries where economic resources are well managed, communities can benefit more positively from mining activity. Peruvian author Omar Narrea points out that countries who practise strategic and long term planning, design social and economic policies that help the most vulnerable, and fairly distribute resources can reduce conflict and minimize the negative impacts of mining.

The LED Plan as a Tool for Governance

A Local Economic Development Plan (LED Plan) is a local management and governance tool, designed with the participation of all of the strategic stakeholders of a town or city, to establish a roadmap in the promotion and implementation of local economic development.

What is a city’s desired outlook in ten years? Who are the main development allies? What are the city’s competitive advantages? What value chains can boost employment and the local economy? Answering these questions can help local communities and ultimately help to achieve the United Nations’ Sustainable Development Goals (SDGs).

Based on the reference framework of SDGs, CISAL undertook the task of supporting 17 municipalities in Colombia and Peru in promoting local economic development. CISAL facilitated structural change for communities in extractive mining contexts by enabling economic diversification, improving competitiveness, and promoting the inclusion of women in development processes.

¹³. <https://www.ilo.org/empent/areas/local-economic-development-led/lang--en/index.htm>

The local economic development planning process

Women leaders from Ancash



Coffee producer in Cañasgordas, Antioquia



In recent years, local governments around the world have taken a leading role as promoters of local development. Local governments have enabled dialogues to improve social fabric, have strengthened entrepreneurship, and supported organizations that represent women, youth and vulnerable social groups.

However, the local economic development planning is a very difficult process if regional and national governments do not provide better tools, resources, and capacities to local governments. Local governments in Colombia and Peru face many challenges. Some of the main challenges identified by CISAL include:

- Local governments do not have a culture of long-term development planning. Instead, they tend to push for short-term proposals and policies in reaction to structural problems.
- Local governments have to overcome negative perceptions regarding their effectiveness in the use of public resources.
- Local economic development initiatives are often formulated without taking into account demand and markets for the production and sale of products.
- The national government, international actors, and NGOs have promoted paternalism through their projects to communities in mining contexts.
- Local governments invest more in infrastructure because it is “more visible”, rather than investing in strategic projects that strengthen value chains at the local and regional levels.
- The inequitable distribution of the economic benefits from mining entail social and environmental consequences that directly affect communities.

Below is a step-by-step account of CISAL's experience in facilitating local economic development planning. The exercise is not a recipe, but rather a process of reflection that shares what has worked with our partner municipalities.

A roadmap to promote local economic development:

- 1 Step one:**
Minimum conditions & community preparedness
- 2 Step two:**
The local economic development (LED) plan
- 3 Step three:**
The LED plan as a public policy
- 4 Step four:**
Practicing governance based on the LED Plan

1 Step one: minimum conditions and community preparedness

As John Kotter, a Harvard professor, explains in his book "Leading Change", specific steps are needed to foster change. The steps to create change are:

- Create a sense of urgency
- Form a powerful coalition
- Create a vision for change
- Communicate the vision
- Build a legion of volunteers to support it
- Remove obstacles
- Create short-term wins
- Build on the change
- Anchor the changes in corporate culture¹⁴

To promote an LED plan as a tool for social and economic change, it is necessary, to begin with preparing the community and setting the minimum conditions for success.

Two of the conditions that Kotter outlines should be expanded upon to prepare a community for an LED plan:

Creating a sense of urgency

In order for changes to be successful, they have to be backed by the community. To get the necessary support, Kotter recommends creating a sense of urgency about the need for change. It is not enough to simply show bad indicators. You can, instead, start dialogue with a community, discussing what needs to change and why. The more people talk about the need for change, the more urgency and support a plan for change will have.

To create a sense of urgency, the first step is to build a team. Questions to ask include: who are the actors who should be a part of this initiative? Which institutions should be a part of the process? Who are the agents of change - at the institutional and community level - who have the motivation to be a part of the process?

Building a powerful coalition

A coalition should be created that progressively involves motivated actors help to convince people that change is necessary and that the Local Economic Development Plan can be the vehicle of change. Typically, a coalition in a local government is led in most cases, by the Mayor and his/her team.

¹⁴ <https://articulosbm.files.wordpress.com/2012/04/el-modelo-de-cambio-de-kotter.pdf>

The CISAL experience in Antioquia

In Colombia, although local governments should promote social and economic development, LED planning was never heard before CISAL came into the picture. Given this reality, CISAL found a great opportunity to collaborate with Canadian municipal experts on knowledge exchange. Kim Worthington and Ted Treller, contributed to establishing the minimum conditions for the promotion of local economic development in eight municipalities. They presented the basic LED concepts, created a sense of urgency, and formed a coalition of support led by the local government along with development partners in the region.

The initial training offered by CISAL was focused on the basic concepts of local economic development, and directed towards municipal employees and key civil society representatives. Then, community leaders as well as representatives from academia, private companies, and civil society were invited to take part in constructive dialogues regarding local economic development.

The multi-stakeholder conversation promoted citizen participation, social inclusion, transparency, and accountability, as well as other universal principles in the practice of local economic development. The Chamber of Commerce and the University of Antioquia were among the key actors that took part in these first conversations regarding economic development.

“Today, local economic development is a concept that is recognized in the region. Entrepreneurs know which are our strengths and business opportunities, local governments and private companies have a clear vision of where and how to direct their efforts, and civil society is empowered with the monitoring and implementation of the LED plan.” Dayana Giraldo, Secretary of Economic Development in Santa Fe de Antioquia, Colombia.

Woman agricultural leader from Cajacy, Ancash



2 Step two: building the local economic development plan

The design of the LED plan seeks to align different voices towards achieving a municipality's goals for well-being¹⁵. Albuquerque (1997) asserts that for a local development plan to be sustainable it must be built consensually with participation from local actors, addressing the local community's main requests and needs.

To build consensus among local actors, CISAL used participatory methodologies and techniques in the 16 municipalities in Colombia and Peru, as shown below:

¹⁵ Velásquez, Fabio y González, Esperanza, 2003, ¿Qué ha pasado con la participación ciudadana en Colombia? (Current state of citizen participation in Colombia), Bogotá, Fundación Corona.

3 participatory workshops to design the LED plan

Workshop 1

A reflection workshop to create a participatory diagnosis and assessment that reflects the current situation of the town or city and municipal governance.

Workshop 2

A workshop to define the strategic proposals that seek to transform the region.

Identify the municipality's value chains and competitive advantages.

Workshop 3

A workshop to define the model for monitoring and evaluating the LED plan.

Methodologies implemented in the participative workshops:

Consensus building

Promote creative and innovative exchanges. Propose creative solutions for complex problems, stimulate collaborative brainstorming.

Focused discussions

Help converse effectively in groups, promote a meaningful dialogue and broaden the perspectives of the participants; foster collaborative learning. The goal is to direct the dialogue and conversation to extract information, promote intuitive and interpretive thought of the participants and delve into those aspects that are most important or noteworthy.

Action plan

Develop a general context of the situation, a successful vision of the future, evaluate the current reality and clarify the group's commitment. Determine the tasks and teams responsible for them, and create an action timetable.

Note: A team of local consultants and Canadian experts helped to compile the information for an in-depth assessment of the municipality, frame the group conversations and analyze the information to be included in the LED plans.

Women from Ancash in an innovation workshop in 2017



Some important elements of the LED plan are stated below:

The diagnosis:

This is the initial effort to collect information about the city or town. The goal is to use it as a basis for the LED strategy design. The local governments, together with their steering team, will evaluate which elements should be included in the diagnosis.

From CISAL's experience, it is important to highlight the following information in the diagnosis:

- Demographics (# population by age and gender, analysis of demographic transition for the benefit of development)
- Basic social statistics (monetary or multidimensional poverty, child malnutrition, degree of education, public services coverage)
- Economic statistics (GDP/per capita, average income per activity, types of companies and organizations, unemployment)
- Economic, environmental, and social infrastructure
- Economic cycles (if formal, informal, or subsistence economy is predominant)
- The local community's capacity for organization and collective action, 1 or 2 productive chains with demand or market potential.
- Vocation and productive profile of the area (analysis of the matrix of opportunities and limitations)

It is also important to ask communities about their most urgent needs: Which economic activity has driven economic growth in your municipality? What are the main problems or difficulties related to the economic-productive aspect? Which economic activity should continue to promote economic growth in the community? What new economic activities with competitive potential should be encouraged?

The prospective analysis:

This does not intend to predict a single future or limit to only one projected activity. It is an open reflection that explores multiple scenarios offered by the local, regional, national, and international environment.

To achieve an effective analysis, establishing possible future scenarios with a group of experts is recommended.

The strategic proposal:

The strategic approach consists of creating the medium and long-term shared vision of the municipality, the goals, the actions and plan, the budget, the community branding, and the governance model for LED plan implementation.

Strategy = goals + strategic actions

The vision of the LED plan should be ideal, positive, and hopeful, and highlight the municipality's differentiators. It should be realistic, flexible, and all actors should be able to take ownership of it.

The strategic objectives:

The strategic objectives reflect the expected change. They should be relevant, measurable, attainable, and specific. The strategic objectives are qualitative while the goals are quantitative. Then, the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is consulted in order to study the internal and external variables that can restrict or facilitate each goal's achievement.

The strategic actions:

The strategic actions are those initiatives that contribute to the implementation of the strategy established by the strategic objectives. These actions should be viable, appropriate, and accepted by the communities. For each objective, the strategic actions are prioritized in a single, ascending order. The financing and cost of the strategic actions is calculated in order to understand its scope and requirements so that other actors can become involved and provide funding for different initiatives.

CISAL Experience

“Independencia, agritouristic district, is recognized for its competitiveness, hospitality, and generation of added value that leads to improved employability and well-being among the population.”

ANCASH-PERU

Strategic objectives

- Strengthen the inter-institutional network with a shared vision of development
- Improve the technical and associative skills to improve productivity and collaboration with the market for tourism, avocado, and textile chains
- Increase added value of touristic and agricultural products
- Develop skills for entrepreneurship and business development

Strategic actions

- Strengthen the inter-institutional network with a shared vision of development
- Creation of an inter-institutional network (Establish a LED Committee / Start a leadership school / Promote the creation of an ecological and economic zoning plan)
 - Developing a district digital platform for area and market information

3 Step three: LED plan as a public policy

In Colombia and Peru, the LED Steering Committee presented the LED plan to the municipal councils and they were adopted as public policy, with a duration of 10 years.

Approving the LED plan as public policy will produce a sense of urgency for the communities and local institutions in planning for long-term development, especially in mining contexts. Also, it positioned the need to look for creative ways for collective construction to articulate the long-term development efforts and prevent changes in government administrations from affecting the priorities.

During the election period, in Colombia as well as Peru, the steering committees socialized the LED plans to candidates who were running for office so that they would use this tool as a reference for their proposed government plan. In the case of Peru, once the leaders were elected, there was a transition process so that the elected mayors would become familiar with the municipal management tool, its design process, and the importance of continuing with it to strengthen the productive chains prioritized in the plans.

Adopting the LED plans as public policy is a strategy to guarantee the sustainability of long-term planning.

4 Step four: LED governance

The governance model for the LED plan should be founded on the joining of local actors committed to the community's future, organized in two levels: the first level can be made up by the Committee for Local Economic Development or the LED Steering Committee, integrating key public and private business actors of civil society and academia.

A second level is a specific work group, derived from the strategies and projects of the LED plan. For example, a work group for tourism can be created that details the group of actions needed to achieve the goals established in the LED plan.

The LED Steering Committee is responsible for:

- Managing local economic development.
- Monitoring, evaluating, and showing accountability regarding LED plan implementation.
- Securing financing for the plan from relevant public or private entities.
- Signing agreements for monitoring and accountability with public and/or private actors who commit to project financing and execution.
- Coordinating the implementation of the LED plan.
- Strengthening and complementing the local public institutions.
- Not holding political party/partisan activities.

CASE STUDY:

Plan and actions for local economic development in Antioquia

Cañasgordas

Antioquia,
Colombia

Context

Antioquia is a Colombian region that has 125 municipalities, the majority of which depend on agriculture as their main economic activity. The traditional crops have been coffee, plantains, and sugar cane. Western Antioquia, comprised of 19 municipalities, is in the area of influence of various national and international projects.

Buriticá, for example, is where the mining company Continental Gold (CG) has been operating in its construction phase for the last three years. The municipality of Cañasgordas is only one hour from the mine, making it part of the mine's indirect area of influence. Cañasgordas is a small town with more than 16,000 people, with 60% of them in rural areas.

The construction of important highways and tunnels that connect the small towns with bigger cities promise better opportunities for the people of Cañasgordas. These huge infrastructure projects diminish the distances from the municipality to the sea and the department's capital, Medellín. Thus, there are possibilities to boost international trade relations.

Challenges

Cañasgordas has different types of soil and thermal floors, which allow for diversification of the economy and the availability of a great variety of products.

However, there are a series of challenges faced by the small municipality:

- Rural technical assistance for producers from the UMATA (Municipal Agricultural Technical Assistance Units) recognized limited ability to meet the challenges of local and social development.
- There is limited long-term vision in local economic development planning.
- Not enough locals have been trained to be integrated into the business and regional work dynamic.

Good practices

The municipality of Cañasgordas undertook the planning process for Local Economic Development as a strategy to take advantage of the opportunities and mitigate the risks of the mining presence in the region.

Here we present three good practices for local governments in the planning process for LED.



Good practices

Local governments can strengthen their role of promoting local economic development

Through their technical assistance office, UMATA, the local government decided to:

- Lead the LED planning process
- Strengthen agricultural production
- Stimulate job creation
- Drive urban and rural economic activities

Milestones

1. The mayor prioritized economic and productive development in the Municipal Development Plan and the LED Plan to find effective strategies to improve the quality of life of the people of Cañasgordas.

2. The mayor appointed a business administrator with a corporate vision to direct the UMATA, now called UMATA and Local Economic Development.

3. The UMATA consolidated as a team that offers innovative business assistance in the design, implementation, and monitoring of productive projects directed towards farmers, traders, and producers in the small town.

4. The local government led a participative process for the creation of the LED Plan, with a shared vision of development. Some value chains were prioritized, results were projected, and actions were defined to achieve them.

5. The 10-year LED plan was presented to the Municipal Council and approved as public policy.

6. The UMATA led the actions established in the LED Plan with the support of a Steering Committee comprised of civil society representatives and different economic actors.

Key results

• The UMATA went from having 4 employees in 2016 to having 12 employees in 2019.

• The local government was able to start a regional fridge for animals with the support of the Government of Antioquia. The modern cold store for cattle and pigs benefits more than 200,000 people in 11 towns of the region.

• The local government joins efforts with the National Federation of Coffee Growers and the mining company, Continental Gold, with an agreement to strengthen coffee's value chain.



Good practices

A small urban part of Antioquia

The local government strengthens the LED Steering Committee

This committee promoted actions towards compliance with the region’s LED Plan through citizen participation and empowerment of the public, private, and community actors, so they took ownership of the Local Economic Development process.

Milestones

1. The local government invited key actors to be a part of the Steering Committee, guaranteeing the presence of public, private, and community representatives.
2. The Committee guaranteed that the representative actors of the area take part in the collective construction of the LED Plan, the accountability processes, and the evaluation of the management tool.
3. The Committee was in charge of the design of the community brand: Cañasgordas, land of opportunities, and promoted its adoption by producers, traders, and the whole community in general.
4. The Committee communicated, in a timely and transparent manner, all achievements, big and small, of the LED process in Cañasgordas on the radio and at events and forums without political or partisan differentiations.
5. The Committee led initiatives for awareness and socialization of the municipal economic development program with unions, companies, entrepreneurs, youth, and regional institutions.
6. The Committee established the LED Awards as a way to recognize the communities, entrepreneurs, women and youth that contribute to Local Economic Development. This is a strategy to position the LED Plan and make it known and show that all actors in the area are contributing to its success.

Key Results

- The Committee has achieved efficient execution of the Annual Operation Plan with people in charge and execution times.
- The LED Awards have been held twice, with more than 200 participants and people recognize it as a successful strategy to make visible the LED Plan.
- When socializing the LED Plan with the candidates running for office, commitment to continuing and improving it was achieved, with actions programmed for the next governance period (2020-2023) as a premise of public policy.



Good practices

LED Steering Committee in Antioquia

Coordination with the mining company

The local government worked together with the private companies to look for better social and economic opportunities for the communities, and designed strategies for coordinating small producers and entrepreneurs into the mining company's supply chain.

Accomplishments

1. Launching the Regional Coordination Table of Western Antioquia has been an important space for public and private actors to share opportunities, interests, and needs. The municipality took advantage of this multi-actor space to generate trust and broaden work opportunities among the public and private sector.
2. The mayor took advantage of different opportunities to present the LED plan objectives to the mining company, Continental Gold, and other companies to find support for productive projects with a strategic vision.
3. The municipality supported or promoted strategies for strengthening the municipality's businesses or entrepreneurships with the CISAL Project, Continental Gold, the National Service for Learning, the National Federation of Coffee Growers, among others. Through the CISAL Fund, technical assistance for entrepreneurs is offered which supports value chains for coffee, panela, and other agricultural products.
4. Continental Gold implemented a development program for suppliers that includes businesses in Cañasgordas.

Key Results

- An agreement was made between 5 municipalities in Western Antioquia, the National Federation of Coffee Growers, and Continental Gold to strengthen the value chain for coffee by building drying canopies.
- In the construction phase of the Continental Gold mine, in April 2019, the company reported 3,640 employees: 1,083 direct and 2,557 subcontracted. Of these, Cañasgordas registers 139, with an increase of 38% between May 2018 and April 2019.
- Continental Gold has a program called Productive Linkage Projects, oriented to strengthening businesses that can be suppliers for the company and other companies in the region. In the second semester of 2018, 12 out of 45 businesses from Cañasgordas participated.

Finally, the municipality of Cañasgordas designed and executed strategies to involve the communities, civil society and the public and private sectors in the implementation of long-term LED Public Policy.

In Cañasgordas, the regional strategic vision has been strengthened and relationships with regional institutions, universities, and companies from the private sector have been consolidated in order to achieve concerted development in the area.

LESSONS LEARNED:

How can local governments promote LED?

Political support

For local governments to promote local economic development, having approval and constant support from the mayor is fundamental.

A mayor who is a spokesperson and promoter of LED planning can engage a whole community to work towards generating better social and economic opportunities for all. Further, a mayor can use the LED Plan as a tool for negotiation with public and private institutions. This way, mayors can enable more actors to be development partners in a region.

The LED coalition

To establish a coalition that supports LED planning, a local government needs to identify and map all the stakeholders in the region, their roles, interests, and influence capacity.

Local government can build a diligent, diverse and trained coalition, making sure that it does not represent only the political ideas of the mayor, but also different collective interests. This LED coalition should represent the most significant stakeholders in the region. So deciding who is part of this coalition is a way to define who will be responsible for monitoring and evaluating the LED Plan.

Coffee producer and beneficiary of the CISAL Fund



Communication, transparency, and accountability

The LED Steering Committee is a body of governance for LED Plans and as such has the opportunity to share the plan's design process and control to all communities in the municipality.

Then, awareness of the importance of the LED Plan can spread through the Municipal Council, the public and private entities, the unions and producer and community groups, in order to involve them in the plan's implementation.

Also, this is an opportunity to share all achievements of the implementation in order to reinforce the message that the LED Plan is for everyone, as well as show the accountability regarding the accomplished goals, achievements and what still needs to be implemented.



Artisan women in Cusco

4. LED plan sustainability

Adopting the LED Plan as public policy is not enough to guarantee sustainability. As shown below, the Cañasgordas, Antioquia strategy was to dedicate time to the process of awareness, communication, and ownership in the entire community and with institutions and union groups in the municipality.

Another strategy for LED Plan sustainability during the election period is to have events and forums similar to those held in Ancash, Peru, to turn over the processes to elected officials in order to continue the process.