CARILED

CARIBBEAN LOCAL ECONOMIC DEVELOPMENT PROJECT

Good practices in
BUILDING LOCAL INSTITUTIONS FOR LOCAL ECONOMIC DEVELOPMENT

This good practices report is the second in a series that shares successful approaches to local economic development by Caribbean local governments. The series is produced by the Caribbean Local Economic Development Project (CARILED) and is based on the experiences of local governments from 2012 to 2017. CARILED operated in partnership with local authorities and communities in Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia and Trinidad and Tobago. This report explores the practices of four leading communities in Grenada, Guyana, Jamaica, and Dominica that demonstrate excellence in engaging their communities in local economic development. The lessons in the report are transferable to other localities.

What does "building institutions" refer to?

In the context of capacity development of local governments, it means to consolidate new mechanisms and practices of public institutions that uphold local values and priorities. Local governments demonstrate commitments to LED by hiring LED staff, opening LED offices and allocating resources to LED initiatives. These commitments entrench conditions for sustainable LED and ensure that new systems, processes, programs and services continue over the long term in spite of changes in government administration.

What is LED?

The goal of local economic development is to create wealth, generate jobs, increase incomes and ultimately, reduce poverty and improve the quality of life for both women and men in a locality. It is a process by which local communities, governments, civil society and the private sector work together, under the leadership of a local government, to stimulate local economic activities and create an environment conducive to business in the community.

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HOW DO YOU INSTITUTIONALIZE NEW LED APPROACHES AND PRACTICES?

In the Caribbean, the drivers of local and national economies are predominantly smallholder farmers, fishing families, shop owners, service providers and other micro, small and medium enterprises (MSMEs). They account for more than half of Caribbean nations' businesses and gross domestic products. Given this reality, local governments and their national ministries have begun to recognize the importance of creating MSME-friendly municipalities that can play a role in expanding the local economy. However, with economic, infrastructure and political constraints, as well as limited decentralization and devolution in many places, it might seem like a dream to expect local governments to suddenly conjure the capacity to expand LED. Building and sustaining such capacity involves commitments, such as:

1. passing council resolutions supportive of LED and establishing committees and allocating administrative and budget resources to LED;

2. adopting and implementing LED strategies and plans;

3. hiring staff with tenure, opening offices, launching business help desks and other commitments focused on LED;

4. and establishing formal relationships with business associations and creating initiatives to support business friendly communities.

GETTING SERIOUS ABOUT SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT

When Keyla Magaña became a LED Officer hired by the local government council in Belmopan, the capital city of Belize, local economic development wasn't a priority. Today, five years later, Magaña is a LED unit manager, part of a permanent LED Core Team that plans, implements and monitors LED projects. They also work with municipal councilors, especially the councilor responsible for economic development, and Magaña and the team provide continuity for LED initiatives over the long term.

"The mandate of the department is in full effect and shows the commitment of the council," Magaña explains. "The LED department now falls within the human resources directorate of the council." This continuity and commitment creates an environment for community vision and delivers multi-year LED initiatives.

"Two staff members and I work on LED specifically," Magaña says. "We run a new Business Support Desk, collaborating with the Belmopan City Council, writing proposals for investments, helping with branding and marketing of our city, and implementing the LED strategic plan." As head of the department, one of her roles is to find new partners for LED initiatives in the next five years. She also works with the newly created Belmopan Business Association and government departments with similar mandates.

She's proud of one project that resulted from the increased commitment to LED — a youth-employment project that provided 12 weeks of training to 43 youth, mainly unemployed young men. "They learned about barbering and business management," she says. After graduation, 14 of them each started small businesses, and another 16 found jobs at existing barbershops or worked part-time while studying or doing other jobs.

Key to the project was having a dedicated LED Officer and a multi-stakeholder structure that was focused on partnerships between the local government, MSMEs and funders and investors. "The main partners of the young barbers program were Belize's YWCA National Resource Centre for Enterprise Development, as well as the University of Belize and La Immaculada Credit Union,"

Magaña says. Projects like this, coordinated by LED Officers like Magaña, demonstrate that a local government is serious about LED.

In Clarendon, Jamaica, her counterpart is LED Officer Damion Young, who also works within a multi-stakeholder structure. "Institutionalization means embedding a LED Officer into the structure of a municipal council or corporation," he explains. "Stakeholders see me as a project developer who seeks opportunities and resources to make the projects a reality." He also reports at municipal meetings so that councilors, department heads and staff have an overview of deliverables and expected outcomes for LED projects.

Young identifies a number of key actions that strengthened LED in his municipality. "We have a LED strategy that's part of a local sustainable development plan, so we're aware of the issues that drive LED," he says. "For example, agriculture is one of the key issues, and so is tourism. We promote those opportunities to investors and donors." When a local council, like that in Clarendon, adopts a LED strategy, it consolidates LED initiatives and aligns resources, efforts, regulations and other factors that increase LED.

Besides hiring him as LED Officer, the Clarendon local government also established a LED Unit using local funds. The unit is housed at the Roads and Works Department in the bustling business district of Clarendon. Also, Young's local government works directly with him and a LED planning and advisory committee (LED-PAC) that oversees initiatives that are in line with Clarendon's LED strategy. "Without the LED-PAC, institutionalizing LED would have been a challenge," he says.

"There were attempts in the past to create a synergy between agencies and departments," he adds. "The focus has now been re-aligned to ensure that local economic activities are sustainable and actually empower the community and not just a few individuals."

In summary, local governments can better provide LED services to an entire community only after structures and staff are in place to entrench the services over the long term. Not all local governments hire new LED Officers. Some assign LED functions to existing staff, as did three municipalities in Jamaica. In the past five years, in Belize, Jamaica and other Caribbean countries, 21 male and 17 female LED Officers have been trained, including staff who were given additional LED functions. They are part of a pool of LED practitioners for local authorities in the region.

Lesson #1

To build institutions for LED functions, a local government hires LED staff or assigns LED responsibilities to specific staff, and it maintains LED departments and creates consultative mechanisms and processes about LED — all through council resolutions, bylaws and budget lines. This supportive, multi-stakeholder structure advances local autonomy, priorities, partnerships and resources and allows support and tracking of sustainable LED using a community-based, bottom-up approach.

INSTITUTIONALIZING LED MEANS AH-HA MOMENTS FOR LOCAL GOVERNMENTS

Besides a lack of physical infrastructure, one of the barriers to sustainable LED is a lack of private-sector confidence in local government. In the past, with few exceptions, local governments didn't see amount of red tape and number of barriers to doing business. However, many local governments now see the benefits of wearing a LED lens and addressing these.

They and their LED Officers across the Caribbean now better understand their local economies, thanks to local area economic profiles and community engagement. In addition, local governments have consulted businesses, including micro and small enterprises, to identify the specific barriers to doing business in their localities, and they're better able to create services and relevant programs that make things easier. Along the way, local governments experience ah-ha moments about their role in LED.

One of the resulting success stories in Clarendon, Jamaica, was rehabilitating and installing security cameras in a township during a partnership with the Ministry of National Security. Another is the Youth in Business Project, which strengthened and improved 18 youth-owned small enterprises. The entrepreneurs completed workshops about financial literacy, business services, customer relations and business plans. At the start of the project, the Clarendon LED team spent significant effort to get the word out about the requirements of the Youth in Business Project, with the Clarendon Municipal Corporation and the May Pen Chamber

of Commerce contributing financially. The young entrepreneurs now run businesses in garment manufacturing, food processing, agriculture, technology services, cell-phone repair, cosmetology, baking and other MSME sectors.

"Success is about being able to identify opportunities within the municipality that have the potential to provide economic development and create jobs," says LED Officer Damion Young. "And that pulls in partners and stakeholders who share the vision."

Lesson #2

The journey to institutionalize LED starts with raising awareness, creating buy-in, engaging communities and starting business help desks and other concrete services. These help to identify obstacles to LED, as well as to related issues and resources, and they facilitate access to information about business development, financial advice and other LED-related programs and policies. And they allow local governments to clear red tape, simplify processes (like business registration and trade licensing) and allow them to identify new opportunities to increase LED.

RAISING REVENUE FOR LONG-TERM LED INITIATIVES

How do local governments get the financial resources to institutionalize LED? How can they pay for new LED staff, new LED departments, new LED services, and new LED projects for municipalities?

The answer in the city of Belmopan, in Belize, involved preparing a Resource Mobilization Strategy with input from various stakeholders. Together, they created a list of possible partners and a detailed action plan—all part of the local government's LED strategic plan. One by one, these partners have been approached using different methods, including a funding mixer (an investment or development forum) that included partners who were identified in the Resource Mobilization Strategy.

As a result of the Strategy, the local government partnered with the CARICOM Climate Change Center, which provided solar panel lighting as part of a park-enhancement project. Also, the Belize Tourism Board, the Belize Tourism Industry Association and the National Institute for Culture and History supported a tourism project by paying for photography, a tour manual and training for tour guides. The strategy also resulted in an Memorandum of Agreement between the local government and a UN Habitat program that tackles the effects of rapid urbanization in Belmopan.

The financing behind these projects would have been difficult without the initial steps taken to adopt LED approaches. Effective LED programs increase local government's capacity to raise revenues, because the programs enable businesses to grow and thrive, and they draw in new business and generate revenue from business-registration fees, property taxes and other local government services and taxes.

As in municipalities in Belize, local governments in Jamaica and other countries are mobilizing financial and in-kind contributions for LED initiatives.

Lesson #3:

Taking the initial steps to institutionalize LED and deliver LED services results in partnerships and initiatives that increase revenues for LED and result in better management and accountability of finances.

NATIONAL GOVERNMENTS SUPPORT LOCAL GOVERNMENTS TO INSTITUTIONALIZE LED

Guyana is a good example of what happens when a national government works closely with local governments. Last year, the country began major political changes after holding the first municipal elections in 23 years. The national government is now decentralizing authority and financial decisions to local governments, strengthening municipal councils, and integrating LED planning. The transition is monumental for local governments, where most of the elected officials changed during the elections last year.

The new national government set up the Ministry of Communities, which launched a Sustainable Local Economic Development initiative that, to date, has enabled 99 start-ups by young entrepreneurs in five regions. In one area, Satya Dayaran is a Community Economic Development Officer in charge of LED in Region 6. He supports municipalities with LED strategies, overseeing a Business Help Desk and liaising with all levels of government, especially the national government.

"This is new," Dayaran says. "In the past, municipalities didn't even have documented data about their populations and major economic activities. Five years ago, LED wasn't done in a collaborative way. Local governments weren't or couldn't partner with the national public sector, and there were few LED structures." This made life difficult for people, especially in marginalized regions, such as Mara (in Region 6), one of many communities that wanted access to national services.

"Now, the key players locally, regionally and nationally work together," says Dayaran, who filled the gaps between the old local government structures and the new ones today. The Mara Agricultural Enhancement Project is a successful example of the collaboration. "Mara is a remote rural area with poor public infrastructure, terrible roads and no electricity or potable water," he says. "Most people are farmers." They had little or no access to national government services they were entitled to, especially when it came to irrigation issues.

Assisted by Dayaran over the last three years, the farmers worked with their local government to identify LED priorities and partnerships with regional and national government agencies (such as the National Agriculture Research Institute). They also participated in training related to irrigation-drainage, new farming techniques and training about transporting produce to markets. The partnerships between the farmers, the local government and national agencies are thriving.

Trinidad and Tobago is experiencing similar shifts in thinking about LED and local government as in Guyana. In support of decentralization and local government reform, Trinidad and Tobago revised its policies related to local government and national planning. Municipal Investment Plans and Local Area Economic Profiles were drafted, and LED units were established for each of the 14 municipal corporations. Developments such as these are steps towards institutionalizing LED, as they encourage buy-in from elected officials and align scarce national budgets.

"My mandate for these plans dictates that we, as a country, have to start looking at the way we treat the economic sector during our development plan-making," says Rodney Ramlogan, manager of regional planning in Trinidad and Tobago's Ministry of Rural Development and Local Government. "We have an approval of cabinet that includes a new structure for the municipal corporations that includes a LED unit. Obviously, we have to seek funding of our own to keep them going."

Recently, when the government there decided to stop supporting LED Officers, two municipalities (Sangre Grande and Couva/Tabaquite/Taparo), continued to finance the LED Officers with their own budgets.

Lesson #4

In many Caribbean nations, building institutions for LED needs collaboration with national governments that, in turn, empower local governments to champion LED. Sometimes, when this isn't possible, local governments continue to finance and institutionalize LED on their own.

CONTINUOUS LEARNING FOR LED

Local governments need to strengthen capacities for LED practitioners — for both elected officials and staff. Networking and sharing with each other is one method of continuous learning. In Jamaica, for instance, LED Officers have organized themselves, met regularly and have shared experiences and resources.

Training is another method of continuous learning. In Guyana, for example, training for newly elected municipal councilors (with an accompanying councillors' handbook) and a Business Support Help Desk inside Guyana's Ministry of Communities are helping to institutionalize LED.

The Help Desk in particular is useful. "It used to take three months to set up a business," says Satya Dayaran, a Community Economic Development Officer in charge of LED in one region of Guyana. "There were too many offices to go to. This was a huge difficulty for entrepreneurs." The Business Support Help Desk is helping to address this.

Local government associations also have a role. They can rally local governments around common issues, and they can evolve into knowledge brokers and communities of practice in terms of LED — all of which help with continuous learning.

STEPS TO SUCCESS: HOW TO BEGIN BUILDING INSTITUTIONS FOR LED

STEP 1: To implement sustainable LED, local governments hire or assign LED staff, maintain units, create consultative processes and adopt supportive policy resolutions for LED. In short, institutionalizing LED means building these basic conditions that will lead to autonomy, actions, partnerships, resources and success.

STEP 2: Institutionalizing LED means creating opportunities for communities to get involved not just in planning, but also in implementing LED, such as through advisory bodies, core teams, working groups and committees. It also means building the confidence of local business by improving communications with them. When local businesses, NGOs and residents are involved, new LED approaches and practices become understood, accepted and sought after.

STEP 3: Institutionalizing LED requires steady resources and good financial management to hire LED staff and fund programs and services over the long term. A LED resource-mobilization plan (with internal resources allocated and external sources identified) can help to systematize this. A plan also needs internal local government capacity for transparent and accountable financial management.

STEP 4: LED often means collaborating with national governments that empower local government as development partners. National governments need to realize that LED can help address social and economic concerns and that local governments are well placed to facilitate this. Local governments need to find ways to collaborate with them, even during political transitions — and they need to harness the resources they offer. Sometimes, when collaboration isn't possible, local governments and communities manage LED initiatives on their own and partner with other stakeholders.

STEP 5: Institutionalizing LED ultimately requires continuous building of local government capacity. Both local and national governments realize they need to strengthen local governments, and this requires a concerted effort. Networking and sharing of practices and tools among local governments, both for elected officials and staff, go a long way for practical and enhanced learning.

In conclusion, building institutions for LED helps local governments to increase the well-being of their communities and territories. Local governments must enable themselves to provide services that stimulate local community development over the long term. This comes about partly by institutionalizing LED — by mainstreaming new systems, hiring long-term staff, putting policies in place, setting up community engagement and by ensuring continuous learning. All these efforts help new local government councils and new staff to weather sudden changes in political and administrative landscapes. The efforts help to develop a local government to generate jobs, increase incomes, generate government revenues and, ultimately, improve the quality of life for communities.

As Damion Young, a LED Officer in Jamaica, puts it: "Institutionalizing LED leads to a more prosperous and productive community."

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