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Measures of Local Economic Development (LED)

The examples of the measurement of local economic development presently available are mostly located in a developed country context. The challenge arises in identifying indicators for measurement in the context of a developing country and a relatively large informal sector in which data collection is not easily done.

1. What is local economic development?

The World Bank¹ defines Local Economic Development (LED) as “a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation”, with the aim of “building economic capacity of a local area to improve its economic future and the quality of life for all”. It comprises a deliberate intervention focusing on local rather than national economic activity in a specific area, where local can range in size from a small neighbourhood to a town or city. Over time, LED has extended from being a focus on only local development and now often includes a recognition of the importance of upward economic linkages within the national or even global context. LED requires a high level of co-operation between not only the public and private sectors but also local communities. While the public sector focus is often on creating the environment to foster LED, including infrastructure development, without the involvement of all parties, interventions are unlikely to succeed.

LED can increase local wealth if programmes expand specific business activity which exports outside the local economy, substitutes imports for locally produced goods, increases productivity levels, and better utilises under-utilised local resources such as the local unemployed (Bartik, 2003). The focus of the LED should be broad, and should include programmes focused on business attraction, retention, new start-ups, technology, and land usage. By targeting those businesses with the greatest potential, the positive impact on the local economy will be maximised.

¹ World Bank, site accessed 5 December 2011

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTURBANDEVELOPMENT/EXTLED/0,,contentMDK:20185186~menuPK:399161~pagePK:148956~piPK:216618~theSitePK:341139,00.html>

2. Why stimulate local economic development?

Local economic development (LED) is an important instrument for addressing poverty, through the creation of jobs and through stimulating local economic growth. The ILO² highlights how centralised and macroeconomic policies have not supported local development; this has led to higher levels of regional unbalance, thus the need for LED strategies as a means to focus on decentralisation. LED supports local development through the establishment of industries, factories and small businesses, integrating work and residential areas, and the development of local infrastructure.

Goetz's (1994) uneven development hypothesis suggests that it is simpler to co-ordinate development activities amongst smaller communities since they are more likely to face similar development issues. The size of a community is also linked to demographic and economic characteristics. Goetz argues that cities are motivated to adopt non-traditional economic development policies because of uneven development or the existence of both wealth and poverty in cities; thus smaller communities with potentially fewer differences would make the policy development process simpler.

The importance of stimulating local economic development lies in its role in the reduction of poverty; by focusing on local development, solutions can be tailored to support communities in a specific area. While the means to achieve local economic development may vary, having the necessary commitment from those delivering services and from the community is important. To achieve local economic development, a strategy is required which will assist in the integration of economic, social and environmental objectives.

Local economic development, because of its ability to promote suitable conditions for sustainable employment, small and medium enterprise creation and growth, has resulted in growing interest from policy makers.

There are two principal advantages to Local Economic Development:

- LED overcomes market failures, mainly because it generates trusts, assists in matching collective and individual interests, and reduces, after an initial period, production costs;
- LED galvanises the population, mainly because it provides objectives and a sense of purpose and it stimulates citizen participation and entrepreneurial ventures.

The implementation of LED policies often requires public-private partnerships, local government leadership, community involvement and the establishment of a Local Economic Development Agency to ensure momentum to the process.

The Department of Provincial and Local Government has identified the key principles underlying South African LED policies in a document entitled Stimulating and developing

² <http://www.ilo.org/global/topics/employment-promotion/local-economic-development/lang--en/index.htm>

sustainable local economies: *National Framework for Local Economic Development in South Africa, 2006-2011*. They are:

1. LED strategies must prioritise job creation and poverty alleviation.
2. LED must target previously disadvantaged people, marginalised communities and geographical regions, black economic empowerment enterprises and SMMEs to allow them to participate fully in the economic life of the country.
3. There is no single approach to LED. Each locality may develop an approach that is best suited to its local context.
4. LED promotes local ownership, community involvement, local leadership and joint decision making.
5. LED involves local, national, and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build local areas.
6. LED uses local resources and skills and maximizes opportunities for development.
7. LED involves the integration of diverse economic initiatives in an all-inclusive approach to local development
8. LED relies on flexible approaches to respond to changing circumstances at local, national and international level.

3. What are the ways to stimulate LED?

Most economic development programmes provide benefits to the business sector through incentives such as a financial subsidy. Bartik (2003) suggests that a subsidy to business would be appropriate in the following circumstances:

- If the programme affects a large enough number of businesses such that it increases local competition in the area. This could lead to an improvement in quality and lower prices with benefits to the local community.
- If the programmes support businesses which are socially beneficial.
- If the programme leads to an increase in productivity levels for a large number of workers, local wages could rise.
- If the programme increases the productivity of assisted businesses by more than the cost of the programme, and the assisted businesses either export outside the local economy or substitute for local imports, as compared to financial incentives, such a programme may support the local economy at a lower cost.

In most cases LED strategies focus on attracting large enterprises which pay high wages and have large multiplier effects for the local economy through incentives. The impact on the local economy is achieved predominantly through incentives or support programmes to businesses. With regard to incentives, by offering a higher incentive upfront, the cost effectiveness of incentives is improved, while it is also important to target the incentives at enterprises which could potentially have the largest impact, including firms which use local suppliers. Business retention programmes are important, since decisions by business owners around the expansion, contraction or closure of businesses affect the local communities through their links to local labour and the local economy through connections with local suppliers. Because of their close links to the local economy, the

support of these firms should lead to increased multiplier effects. Retention programmes are required to identify the needs of local business and then ensure that government services provide programmes that cater for these needs. Business extension programmes provide general advice on business related problems including technology improvements, the development of the work-force, development of management and better marketing strategies, and are mostly targeted to small and medium sized firms. This type of intervention can also assist firms in addressing market failures such as lack of information. Because of the nature of the services provided and the required expertise, these types of programmes are often offered by regional or national institutions. The programmes can be funded by the public sector or by business user fees.³

An area can also build up expertise and competitive advantage through clustering. Clustering (Bartik, 2003) refers to the specialisation in a particular industry and the related industries in a particular locality. The flow of information and workers within the area provides incentives for the relevant firms to cluster. Clustering assist firms to exploit scarce resources and assist in organising value chains while promoting both co-operation and competition. It has been suggested that clustering may occur naturally in certain areas as enterprises see the value in co-operation and the sharing of resources.⁴ By assisting in the identification of a potential cluster, local development institutions are able to support such businesses by providing the services required by them, including training. Local economic development institutions may also encourage the formation of new clusters through the development of new firms.

4. What are the measurements of a change in local economic development?

Evaluating the impact of local economic development (Bartik, 2002) suggests that programmes which provide a service or financial assistance to enterprises should be evaluated using the control and treatment group type of experiment. The statistical analysis should be accompanied by surveys and focus groups to determine whether or not the business is effective. The surveys can be used to determine the effects of the programme on business decision-making. Where there is a cash transfer to firms, surveys may lead to biased findings since firms have an incentive to claim that cash transfers did assist them in order to continue to receive the cash. It would be preferable if surveys focused on how assistance has contributed to a behavioural change for the firm. One could also compare administrative data relative to the programme aims, such as, for example, tax receipts and registration for workmens' compensation. While experiments are able to provide some insights into the conditions required for the success of the programme, it is often important to incorporate focus groups that can provide insights into the strengths and weaknesses of a programme. Thus statistical analysis (randomised

³ The impact of a business extension service depends on the design of the intervention. For example, if the intervention increases productivity through improvements in technology and management, employment in the particular firm may decline. However, the increase in output from the firm will have multiplier effects on the local economy by increasing employment in the local supply chains and retails that are responding to the increased output.

⁴ In South Africa, often individuals or enterprises do not co-operate; for example, in the informal trade sector, very few traders co-operate and the question arises as to why this is not happening, when in other communities such as immigrant Somalian communities, trader organisations are established and co-operation and sharing of resources occurs.

experiments) complemented by surveys and focus groups should be undertaken to evaluate local economic development programmes.

The type of evaluation being used should not only focus on the impact of policies on increasing local business growth but should also focus on the benefits for the communities in which they occur, such as the fiscal benefits for government, increases in employment and earnings in the region. Bartik (2003) observes that an evaluation should also indicate how the outcome will vary with possible changes to the scope, scale design or management of the programme; in other words, policy makers will have a clear understanding of why the policy worked. It is important to focus not only on the gross impact but also the net impact, which takes into account the outcomes which would have occurred in the absence of the intervention, i.e. deadweight loss of the intervention.

5. Which economic outcomes should be evaluated?

Bartik (2003) suggest that the easiest outcomes to evaluate are those which proximate impacts on various dimensions of business activities, including:

1. The number of business start-ups or expansions
2. Job growth
3. Productivity growth.

However if public subsidies are utilised to stimulate local economic development through firm support there must also be a broader impact on communities or the so-called public benefit, which includes the increase in local revenue to local governments and increased employment levels amongst communities. As explained, “The public receives benefits from local economic development if the increased local business activity leads to fiscal or employment benefits”.

Fiscal benefits are enjoyed when the increased local business activity results in tax revenue which exceeds the required public expenditure increases. Employment benefits occur when the wages of the newly created local jobs exceed the opportunity costs of the non-working time that local residents forego who obtain work because of the newly created jobs – the so-called reservation wage.

Bartik (2003) proposes some measures which local government can undertake to increase the employment benefits from LED, namely:

1. Encourage local businesses to hire locally by providing better training to local job seekers and providing services to screen these job applicants.
2. Focus on high wage premium jobs or jobs which pay well relative to the skills required. Research suggests that growth in these jobs results in higher earnings benefits for local citizens.
3. Local economic development should especially be pursued in times of high local unemployment rates, since the benefits from job creation would be greater.

The productivity of local firms may be increased by addressing market failures which exist. Market failures could take the following form:

1. The required information on how to increase productivity levels.
2. Lack of access to capital especially start-ups where the risk are high.
3. Lack of available land for business activity.
4. Lack of public infrastructure.
5. The regulatory environment may prevent SMME development or hinder expansion.

In developed countries, indicators utilised for measuring improvements in local economic development are both micro and macro in nature and include the number of new businesses opened, the number of full-time jobs created, business closures, the number of building permits issued, the change in the unemployment rate, and the percentage of the population living in poverty.

As mentioned, surveys are an important additional tool to understanding the needs of the business community. Information collected during a business survey would typically include a broad range of aspects, including the current business climate, available labour, the requirements of the business from government, the need for and access to finance, and the role which regulations play in supporting or hindering business activities. Depending on whether the policy response is specific or broad, the survey may also target a specific sector or the entire business community in an area.

6. Support mechanism for enterprise development

What are the types of interventions in the pursuit of enterprise development which maximise the spill-over to the local economy? The next section will focus on new business development support, the provision of advice services and the zoning of land for specific activities.

7. New Business Development

The establishment of small businesses is important as this is the sector with large job creation potential. Local small businesses sell and potentially procure locally, thereby assisting the local economy, especially if the sales replace “imports”. In addition, if support to these new businesses targets the hiring of those who are difficult to hire within the local community, it further supports the local economy through increases in household income. Establishing new small businesses represents a human capital investment since entrepreneurial ability is also developed.

The types of programmes which are often utilised under new business development for small enterprises provide entrepreneurship training, including skills required to start a business, marketing and financial management, incubators, and access to capital. These programmes are often linked to specific government interventions or programmes, such as providing entrepreneurship training to individuals receiving unemployment benefits as a graduation strategy out of unemployment.

8. Small Business Advice

These types of services focus on providing access to information, infrastructure required to run a business, and access to credit. Services are offered through one-stop business development centres, but more and more the internet serves as a portal where services can be accessed with ease.

Business incubators comprise a facility which aims to support and nurture start-up funds during the initial phase of existence. These institutions normally provide access to space, shared office support, marketing support, and sometimes access to financing. Incubators could be run by non-profit organisations, development agencies, or the public or private sectors.

In relation to the access to capital and credit, this area has in recent years been dominated by the microfinance industry. Microfinance refers to the provision of financial services such as credit, savings and loans to poor people who are often not served by the formal banking system due to their inability to provide collateral, which results in a higher risk profile. Regarding provision of capital to small firms, it is important to consider the potential market distortions which could occur; for example, does it crowd out the activity of other local enterprises that are not assisted; for what period should the assistance be provided in order to prevent dependency; and finally, the need to balance business activities which are considered “too risky” for private financial markets but which have local social benefits.

Access to capital can also be achieved through a number of other channels, including.

- Direct loans through the creation of a fund (revolving loan fund) capitalised by public funds.
- The creation of institutions to provide capital, called business development finance institutions. These institutions are able to provide loans to enterprises which could not access loans in the private banking sector, and are able to accept rates of return that are lower than the market rates.
- Guarantees or subsidies can be provided to private institutions to reduce the risk and encourage loans to these small enterprises. In South Africa, the financial charter focuses on inclusive banking for individuals, but the role of banks in supporting small enterprise requires further examination.

9. The Zoning of Specific Land Use

Local economic development can also focus on assigning land for specific activity. This has received some attention in the South African context and may be particularly important in terms of the establishment of supply chains in local areas. It has been suggested that there are large amounts of state-owned land which could be redistributed and utilised productively. The Department of Land Affairs has indicated that national and provincial government owns around 24.5 million hectares of land. For municipalities, around 1.2 million properties have been captured on the Department’s database and not the hectare

covered by these properties⁵. The Department of Land Affairs has indicated that only 5% to 7% – or two million hectares – of state-owned land is potentially available for agricultural redistribution or disposal. A progress report of the Panel of Experts on the Development of Policy on the Regulation of Ownership of Land in South Africa by Foreigners presented to the then Minister of Agriculture and Land Affairs, Ms A.T. Didiza in 2006, suggested that, “The bulk of state-owned land is already under occupation and use by Africans and coloureds who were previously merely “tenants” of the state and will now acquire title to the land they occupy, which amounts to approximately 19 million hectares. State land will therefore shrink dramatically. The other “state land” is divided between the defence forces, public works, state-owned enterprises and conservation. Besides, large areas of state land are in poor ecological regions not suitable for immediate low-cost sustainable productive development.” In addition, the report indicated that better communication with the public is required regarding the current status of state-owned land.

The type of land which is targeted for zoning could include the following:

1. Brown fields: Idle or under-used industrial or commercial property which may be subject to certain environmental contamination.
2. Economically distressed areas in which enterprise zones are established through the provision of a tax incentive, certain services or infrastructure development. These could also include the industrial zones such as Coega in the Eastern Cape.

10. Who should take responsibility for LED?

The World Bank⁶ suggests that in the development of a LED strategy it is important to organise efforts by identifying all relevant stakeholders from individuals, firms and/or organizations in the public, private and not-for-profit sectors that have an interest in, and ability to contribute to, the development and operationalizing of the strategy. Establishing a strong leadership and responsibility role with the local government, locating the achievement of the strategy within, for example, the mayor’s office, will add high level support for the strategy. Stakeholder involvement is essential to legitimise the process, since they provide insight and expertise. Furthermore,

- Public Private Partnerships can be utilised to improve on expertise and funding for programmes.
- The private sector is likely to know much more than local government representatives about the true state of the competitive position of the local economy. It is also the sector in which job creation occurs.
- Ensuring the participation of all spheres of government will lead to increased support which will assist in funding requests for a project.

⁵ Mail and Guardian, 2009, Who owns South Africa. Available at <http://mg.co.za/article/2009-01-23-who-owns-what-land-in-south-africa>

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<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTURBANDEVELOPMENT/EXTLED/0,,contentMDK:20185196~menuPK:402642~pagePK:148956~piPK:216618~theSitePK:341139,00.html>

- Community-based development organisations are important stakeholders in LED. Due to their understanding of what the community requires, these organisations may be better able to screen, counsel and support community members in obtaining employment.

Community-based organisations are better able to involve communities in micro businesses, identifying the local entrepreneur, assisting in start-ups, and expanding local businesses.

EXAMPLES OF LOCAL ECONOMIC DEVELOPMENT CASE STUDIES FROM THE WORLD BANK⁷

A. Singapore

Singapore Economic Development Board (EDB)⁸

The EDB was established in 1961 as the lead government agency to develop the country as a global economic hub. The objectives of the board are achieved through attracting foreign investments (one-stop agency for local and foreign investors on both the manufacturing and services industry), growing of vertical industries in new areas, and enhancing the business environment through using information gathered to ensure that infrastructure and public services remain efficient and cost-competitive.

B. Vietnam

Vietnam Competitiveness Initiative⁹

Private sector economic activity has grown dramatically in Vietnam, but is concentrated in only certain enterprises. Eleven of the country's 64 provinces account for over 70% of private sector investment and revenue. To improve the performance of all provinces, the Provincial Competitiveness Index (PCI) has been instituted to assess and benchmark the performance of provincial governments in developing business-friendly regulatory environments for private sector development. This is an important step, and the first phase of the initiative, which ran from 2003 to 2008, was funded by DFID and was aimed at increasing the competitiveness of small and medium enterprises through three areas:

- Improved economic governance at a provincial level, measured through a Provincial Competitiveness Index and other research analysis.

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<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTURBANDEVELOPMENT/EXTLED/0,,contentMDK:20196572~menuPK:402644~pagePK:148956~piPK:216618~theSitePK:341139,00.html>

⁸ <http://www.edb.gov.sg/>

⁹ <http://www.vnci.org/>

- Focusing on four industries as a catalyst for growth, namely ITC, dragon fruit production, home furnishing and banking. Removing the constraints to international competitiveness also received attention.
- Improved access to credit and finance by SMMEs.

C. Bosnia and Herzegovina

Prijedor Entrepreneurship and SME Development Strategy (2003-2008)

This strategy focuses on entrepreneurship development in small and medium enterprises, through the creation of an environment which is conducive to economic activity as well as the development and expansion of existing enterprises. The strategy established information centres, one-stop centres and a fund to provide credit to fruit producers. The municipality undertook an economic analysis of the area in order to understand the constraints as well as a SWOT analysis to inform the development of the strategy. As with many similar strategies, information regarding the success of the project is very limited.

D. South Africa

An evaluation of LED policies in South Africa was undertaken in 2005, jointly funded by the World Bank and the Netherlands Trust Fund (Nel *et al*, 2005). Such a focus was motivated by the South African Constitution which mandates municipalities to play a central role in social and economic development, with support from the government to promote widespread application of appropriate programmes. The key policies and laws in support of pro-poor LED include the RDP, the Constitution, the Municipal Structures Act, and the Local Government White Paper. Policies which provide implementation support include the Integrated Development Planning process which requires an economic and spatial development component, promotion of citizen participation, and appropriate institutional and funding mechanisms. Strategies which the DPLG (2000) proposed in support of LED include SMME promotion and support; community-focused economic development, export promotion, business retention and extension, and attracting investment to the area through industry marketing.

While a strong LED focus exists in major cities in South Africa, it is in rural and small towns – areas of high unemployment and poverty – where pro-poor LED policies would have the largest impact. In these towns local economic issues have centred on attempts to halt economic decline, and addressing high levels of poverty in the context of limited resources and capacity. Because of these constraints, much of the responsibility for change has rested with residents of the communities as well as community-based organisations.

In South Africa, much research has been focused on macro constraints, but microeconomic policy which also relates to LED-based policies has received little attention. This limits the general understanding of the needs of poor communities and the policies required to support them. Very little co-ordination exists between policies, and private sector involvement remains limited. The research has also identified concerns that relate to pro-poor versus pro-market approaches; previous unsustainable projects which have failed and contributed to negative perceptions about the effectiveness of LED programmes; and municipalities which lack the skills and capacity to

deliver on the LED mandate. In addition, the devolution of LED activities to municipalities has not been accompanied by the required funds. The main delivery mandate is viewed by many municipalities as being service delivery and not LED, but these should be integrated in achieving economic growth and employment opportunities.

The recent relative successes of the Community Works Programme (CWP)¹⁰ has shown that with the right approach, combined with community involvement, can be successful. It represents an intervention which was piloted and mainstreamed within a government department. The CWP serves as a safety net for the unemployed in marginal areas while also contributing to public assets and services by poor communities for poor communities. It works on the principle of “guaranteed minimum employment” based on similar schemes in India, which guarantee its participants 100 days of work a year. In South Africa, two days per week of employment is guaranteed at a wage rate of R63.18 per day. The CWP is an area-based programme based on a designated site, which is normally a ward or municipal area, in which useful work is identified, and will bring benefit for the local community as identified through ward committees or local development forums. Activities are broad and can include home-based care, mapping of orphans and vulnerable children, establishing and maintaining food gardens, environmental services, and the creation and maintenance of community assets such as parks, water tanks and roads. It is a labour-intensive programme in which 65% of the budget is allocated to the payment of wages. As at end March 2011, 89 689 individuals on 56 sites around the country participated in the programme, providing 5 449 376 work days, for which R307 million was paid in wages.¹¹

Overall, Nel *et al* (2005) finds that LED is unevenly developed and operationalized amongst the different areas in South Africa, and there are vast differences between well-resourced and capacitated areas in large cities vs. those in rural areas. Defining LED also appears to differ amongst municipalities. In terms of reporting, very few municipalities have poverty reduction targets or report on the growth which occurred as a result of LED policies. Job creation is mostly temporary and the long term impact must still be determined. Most municipalities utilise a very narrow range of interventions, namely public procurement, urban renewal, SMME programmes, and public works. Pro-poor LED strategies focus mainly on the informal sector and community-based initiatives.

As regards the monitoring and evaluation of LED strategies, most of the municipalities focused on outcomes related to poverty, employment creation, and economic growth, relying on data collected by Stats SA while also undertaking their own research, mainly in metros.

The World Bank provides a scorecard which examines four dimensions that can be used to evaluate LED policies: these are liveability, competitiveness, good governance and management, and bankability (sustainability of the municipality's finances). The indicators to evaluate and monitor these criteria are presented at the end of this paper. In conclusion, it is important to learn from programmes which have shown success in impacting positively on the lives of poor communities. , When designing an intervention

¹⁰ <http://www.cogta.gov.za/cwp/>

¹¹ Communities at Work, Community Works Programme 2010/11 (Department of Co-operative Governance).

and the types of indicators which could be appropriate for measuring the impact on the local economy, keep in mind the challenges related to skills and capacity at the local economy level.

11. Further Research

The following areas will require additional research:

- How to build on examples of indicators from developed countries but adapt these for use within the developing country context.
- Does the current status quo, namely the level of infrastructure in rural areas, support local economic development, and if so, what are the requirements which need to be in place for local economic activity to be stimulated.
- To what extent should distressed areas and areas of high unemployment be the main focus when deciding on an intervention, based on investigation of the aspects related to pro-poor LED.

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Appendix: Framework for M&E of Pro-poor LED strategies

Outcomes
Increasing employment, economic growth and reducing inequality
Improvements in the quality of livelihoods
Financial assets: Level of income & wealth
Human assets: Improved skills levels, health and nutrition
Social assets: Strong communities and social structures
Natural assets: Availability of natural resources for consumption and economic use
Physical assets: Personal and public assets, e.g. housing and electricity
Reduction in vulnerability of hh to external and internal shocks
Sustainable use of resources

Nel, E. et al "Investigation of Pro-Poor Local Economic Development in South Africa", *World Bank-Netherlands Partnership Program (BNPP)*, "Evaluating and Disseminating Experiences in Local Economic Development", October 2005.

Outputs	
<p>Liveability</p> <p>Basic Public services available</p> <p>Functioning and effective infrastructure</p> <p>Environmental standards</p> <p>Adequate housing</p> <p>Secure and safe environment</p> <p>Availability of amenities and cultural and sporting activities and infrastructure</p>	<p>Effective governance and management</p> <p>People centered and participatory</p> <p>Active and accessible networks of community led service providers</p> <p>Effective, responsive, co-ordinated and accountable management and delivery by local government</p> <p>Autonomy of local government</p> <p>Strategic direction, redistribution and oversight by national government</p> <p>Co-ordination across government and with the private sector and NGOs</p> <p>Learning from successes and failures</p>
<p>Competitiveness</p> <p>Holistic and disaggregated understanding of local economy and livelihood strategies (SWOT analyses)</p> <p>Active private sector institutions and linkages</p> <p>Adaptive management capacity and entrepreneurial expertise</p> <p>Sound business environment which fosters investment and entrepreneurial activity and development</p> <p>Access to integrated and open markets</p> <p>Encouragement of creativity and innovation</p> <p>Access to modern technology</p> <p>Sustainable transport system</p> <p>Access and availability to credit for firms</p> <p>Human resources including skills</p>	<p>Bankability</p> <p>Effectiveness of financial management</p> <p>Creditworthiness of local authority</p> <p>Stability of intergovernmental fiscal flows</p> <p>Attraction of local and non-local private investment</p>

Nel, E. et al. "Investigation of Pro-Poor Local Economic Development in South Africa", *World Bank-Netherlands Partnership Program (BNPP)*, "Evaluating and Disseminating Experiences in Local Economic Development". October 2005.