

## **CHAPTER 11: Local Economic Development**

### **Abstract**

The chapter seeks to make a nuanced discussion on the local economic development (LED). The study defines the notion of LED that happens to be the solution to the problems within different levels. It encourages the community to partner with different stakeholders as a way of solving problems. LED is principled at creating employment, eradicating poverty, creating better infrastructure by promoting places of businesses and using available resources. This becomes a solution to scarcity of jobs and shelter, poverty, inadequate public transport, poor infrastructure. Despite many types of research on LED, there is a dearth of knowledge of understanding the notion of the LED. The principles of LED are discussed. The chapter will also discuss the theories of understanding LED. LED is discussed at an international level, regional and down to the local level. This will consist of the experiences in the last level. Results show that LED creates job opportunities, makes uses of the available resources, creating better infrastructure and poverty eradication. It is concluded that LED, if well understood, will contribute to cities that provide adequate housing, promotion of places of performing businesses and eradication of poverty.

### **INTRODUCTION**

The world has become predominantly urban and with the continuous increase in the population, resources have not been enough and shared equally. As a result, countries are facing a plethora of problems of seemingly unmanageable proportions. The problems include unemployment as the urban labour market is unable to absorb the exponential increase of jobseekers, soaring poverty within different places, insufficient shelter and infrastructure, inadequate sanitation, pollution, congested streets, overloaded public transportation and, above all, the community budget crisis. Some cities in low developed countries are poverty-stricken (Research Continental-Fonkom (RCF) and FinMark Trust (FMT), 2012). Hence, this calls for LED within different levels. Efforts, including food and financial aid, have been made towards the problems within the countries. At a national level, some efforts were made to address these macro-challenges. Several types of research have been done on economic development.

Although these efforts were made, more must be done to understand the LED so that it can be implemented well.

To address the challenges faced within local, regional and international levels, it is imperative to have a deep and clear understanding of the notion of economic development. Local-level micro-problems have a positive and negative impact on aggregate results. The concept of LED will enable the successful implementation and addressing problems in cities. The solutions to the problems are derived from the principles of LED. Using the available resources that the local people will have enough knowledge of, will create jobs in the community. Prosperity in the 21st century is based on creating and maintaining a sustainable standard of living and high quality of life for all. To meet this challenge, a comprehensive new model is emerging that recognises the economic value of natural and human capital. Successful LED focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive (Rowe, 2016).

Local definition signifies that LED involves building the economic strength of a local area by optimising local resources and capacities. The prime movers or driving forces are economic stakeholders in communities, villages, municipalities and cities, individually or collectively, and it is territorial or area-based in its approach (Villanueva & Begin-Gillis, 2014). Although the focus is local, there are links to national, regional and international levels. The economic definition in LED drives home the importance of identifying and grabbing business prospects, supporting entrepreneurial initiatives, whether formal or informal, micro or large, facilitating market access and creating a climate conducive for investment and business activity. The development emphasises that LED is holistic, it does not cover only the economic dimension, but also includes social, politico-administrative and cultural aspects (LGSP-LED, 2011). The quality and direction of growth are as important as its quality and size. Sustainable development is at the heart of LED, which means satisfying the needs of the present generation without sacrificing the future of succeeding ones (*ibid.*).

This study seeks to discuss LED. Defining the concept of LED, understanding its experience at regional, international and local levels and the theories around it will enhance a clear understanding of the discussion. Different sources were used to acquire data from past

studies on LED. The data in this chapter was derivative of the secondary sources and it is desktop research. Many measures are to be made to understand LED at local, regional and international levels. It is imperative to understand that LED is a particularly important tool to reduce poverty. Local leaders need to understand the impact that the macro-issues may have on micro-economies, or LED efforts and what policies and strategies are possible to guide economic development at the local level. LED eradicates poverty as it supports the pursuit of inclusive economic development that provides for both the promotion of local wealth creation and poverty reduction (Rowe, 2016). Therefore, it is required to have an insight into the concept to put it into use and yield a favourable result. LED needs to provide sustainable changes to the areas. The way it is sustainable in development is market-driven, gender-sensitive, environmentally sound and economically viable (LGSP-LED, 2011). LED contributes to poverty reduction as it promotes cooperation and partnerships and responsibility and accountability in behaviour and relationships.

### **DEFINING LED**

With the rapid changes in global national and local economies, definitions of LED are increasingly adding aspects of inclusiveness, sustainability and resilience. Many international development organisations see LED as complementary to other support measures such as improving governance, reducing inward migration and improving urban development. International development projects or national government projects can help to establish or enhance LED locally, but should not replace or displace local effort. The concept of LED is both contested and elusive, hence there are several definitions. LED is an approach to economic development, of note in the developing world, as its name implies, places importance on activities in and by cities, district and regions (Zhihua-Zeng, 2021). It combines economic development activities, urban planning, infrastructure development and social development activities to improve local conditions. It encompasses a range of disciplines, including physical planning, economics and marketing and all this to build up the economic capacity of a local area to improve its economic future and the quality of life for all.

Trah (2004) paints a wider canvas of LED as a territorial concept and part of local development or regional management, specifically aiming at stimulating the local economy to grow, compete and create more

jobs, in particular by making better use of locally available resources. American Economic Development Council (AEDC) defines LED as the process of creating wealth through the mobilisation of human capital, physical and natural resources to generate marketable goods and services. This is achieved using local resources. The development is achieved through a process that encourages partners from the community, public sector, private sector and non-governmental organisations (NGOs) to work collectively to create better conditions for economic growth and employment generation, to improve the locality economic future and quality of life (World Bank, 2002). LED involves a participatory growth process that encourages cooperation between the main private and public investors in a defined territory, enabling the joint and design and implementation of a common development strategy (Ndlovu, 2022). This is done by using local resources and competitive advantage in the global perspective, with the final objective of creating decent jobs and stimulating economic activity.

LED is when the different participators come together to design or find a common method of powering growth within the localities using resources available within the area. Different areas encounter different problems, hence require a different solution to the available resources. There happens to be four features of LED strategies that are needed for participation and social dialogue, territorial focus, mobilisation of local resources and local ownership and management. LED does not encourage the one-size-fit-all method but, rather, takes note of the nature of the glitches encountered within a certain region and addresses them accordingly. From all the above definitions, several core elements argue that LED takes place within a defined territory, has a strong bottom-up orientation, involves private and public stakeholders and it is undertaken to foster economic well-being. LED is about competitiveness it is about companies thriving in competitive markets and locations thriving in a competitive, globalised world (Malizia *et al.*, 2020). It is about local activities making markets work better. LED aims at remedying market failures such as barriers to entry, information problems and high transaction costs. It is also based on projects, like those mentioned before. Another way of defining LED is through formulating its principles.

## CONCEPTUAL FRAMEWORK

### **LOCALISM**

Localism describes a range of political philosophies which prioritise the local (Ercan and Hendricks, 2013). Localism supports local production and consumption of goods, local control government and promotion of local history, local culture and local identity. The use of locally available resources means the locals' benefit. This is through the improvement of the local inhabitants as many pieces of training are conducted. The engagement of local people in the developments, of the community promotes sustainability. This is so as the local people care about most of their local resources. On a conceptual level, there are important affinities between localism and deliberative democracy. This concerns the mainly democratic goal of engaging citizens in decisions that affect them. As a result, localism encourages stronger democratic participatory fora and widening public sphere connectivity. Localism also promotes transactive planning in the different developments taking place within society. This enables long-lasting developments.

### **THE LOCAL AND REGIONAL ECONOMY**

Local or regional economies are unique entities that are smaller and more open than the national economy (Clark, 2010). Is the local economy more specialised and less hampered by political, legal and cultural diversity? The factors of production flow more easily between regional and local economies than they do at national levels. The development within the regional and local economy is more of transactive development. The community is allowed to partner with the stakeholders, including external donors. The local and regional economy offers a bottom-up approach and the use of locally available resources. This makes the economies more specialised because the factors of production come from the region. The economic developments flow swiftly because of the non-existence of trade barriers. Their regional economy experiences low cost as the resources are readily available and the transport costs are low due to the shorter distances to the market. The cultural difference does not exist in these economies due to the equal distribution of resources. Actors and institutions in localities and regions across the world are seeking prosperity and well-being amidst disruptive shifts and transitions generations (Pike *et al.*, 2016). Most developments that take place within the regions are successful because of the regional saving and the investment by the residents out of love for their region.

The region continues to make sustainable development because of community participation, resulting in employment creation.

### ***DEVELOPMENTALISM***

The structure of a nation may be suboptimal and may be improved with the help of active economic strategies, an economic policy concerned with improving the economy of an underdeveloped country. This is by fostering the development of dynamic internal markets and the existence of a certain type of national economic structure that is conducive to increased wealth (Tony 1985). The use of the bottom-up approach in LED is a better strategy for sustainable growth as a nation. Developmentalism targets the developing nations that propose the intervention of the state in economic and social institutions to achieve growth. It gives way to an ideology of development as the key strategy towards economic prosperity

### ***LOCAL INITIATIVE***

The local initiative is the ability of the local people or inhabitants in a certain area to make a decision and take action without waiting for external instructions on what to do. The local initiatives usually occur when the communities are connected to their resources. In a situation that a need arises in the community, the people engage local leaders, the community committee and neighbours to plan, set goals and measure progress. The local people can test ground-breaking ideas and adopt them. Local inventiveness allows the developments made locally to address the needs of local people. The people address their problems from healthy, educational houses and safety. This makes the communities better places to live because more people are employed and as a result the income, rise.

### ***INFRASTRUCTURE***

Infrastructure is a significant positive determinant of economic performance. The infrastructure consists of underlying core amenities within a particular community that supports the basic processes of the social-economic system within the community (Ercan and Hendricks, 2013). The water system, roads and public buildings correspond with the meaning of infrastructure in this chapter. The relationship between infrastructure and economic development is well-established in local regions. The shortfalls in infrastructure investment results in the decline of productivity. The physical infrastructure promotes economic development in a community. It is an amenity that serves as a magnet

in the location decisions of firms. This will also determine the growth pole within the region. Infrastructure enables the development of sufficient decent houses.

### **PRINCIPLES OF LOCAL ECONOMIC DEVELOPMENT**

Each community and region have unique challenges and opportunities, hence there are common principles that guide the development by all sectors to promoting economic vitality within their communities and in partnership with their neighbours in the larger region. Integrated Approach is one of the principles of indigenous commercial expansion that includes a participatory approach. Government, business, education NGOs and the community come together to create a lively local economy (Rowe, 2016). This is through a long-standing investment strategy that can encourage local creativity. The strategy serves the needs of residents, workers and businesses. A long-term strategy should promote stable employment and revenues by building on local competitive advantages. This means any development that takes place within the communities should bring long-term employment.

*Local economic development* promotes equitable and sustainable economic growth. If there happens to be even-handedness in societies, when the development takes place, it should increase (Soja, 2009). Equitable means opportunities to wealth creations are open to both men and women. Both rich and poor, urban and rural dwellers and all ethnic and religious groups should access the opportunities. It is also principled to sustain economic growth. Local resources may be transformed into marketable goods for the current population but they must be continuously regenerated such that it does not deprive future generations of the same resources.

Poverty reduction is one of the principles of local development. Both local and regional economic development efforts should be targeted at reducing poverty (Rowe, 2016). This is done by promoting jobs that match the skills of existing residents. Low-income individuals with certain skills should be improved. This will then address the needs of families being struck off government welfare. LED ensures the availability of affordable quality childcare, transportation and housing in all the domiciles.

LED also aims at the local focus. The community's most valuable assets are the ones they have. The existing businesses are contributing to their home communities (Nassif & Araujo, 2013). Economic development efforts should give priority to supporting existing creativities as the best source of business expansion and local job growth. Decoying businesses away from neighbouring communities is a zero-sum game that does not create new wealth in the regional economy. Community economic development should focus, instead, on promoting local entrepreneurship to build locally-based industries and businesses that will succeed against national and international competitors. LED must not create unfair competition for existing businesses. This could be by way subsidising some companies to the detriment of others. In doing so, it is creating an uneven environment in society. This can be existing businesses, start-ups or external companies coming into the location. When development occurs in a certain community, it should promote and support spin-offs and subcontracting, attract investors that fit nicely into the local economic structure and consider franchises as a source of new local businesses.

*Human Investment* is another principle of local economic development (Pettinger, 2019). Because human resources are so valuable in the information age, communities should provide life-long skills and learning opportunities by investing in excellent schools, post-secondary institutions and opportunities for continuous education and training available to all. Investment in better educational facilities will provide better skills to the inhabitants, who, in turn, improve themselves.

LED also aims at vision and inclusion (Rodgerson and Rodgerson, 2010). Communities and regions need a vision and strategy for economic development as observed by these principles. Visioning, planning and implementation efforts should continually involve all sectors. This includes the voluntary civic sector and those traditionally left out of the public planning process. The proposed development should be implemented, with all the stakeholders participating.

*Environmental Responsibility* is another principle for LED. Communities should support and pursue economic development that maintains or improves, not harms, environmental and public health (Kingsley, 2014), and protects the natural environment. Development that takes place without degrading the environment is encouraged. Activities taking place within the area should not leave voids in the

environment or should not pose detrimental effects to the community. The environment must be enjoyed by both the present and future generations.

LED encourages compact development. This is to minimise economic, social and environmental costs and efficiently use resources and infrastructure. New development should take place in existing urban, suburban and rural areas than using more agricultural land or open space (Meyer-Stamer, 2018). Local and regional plans and policies should contain these physical and economic development planning principles to focus on development activities in desired existing areas. This means that all the infrastructure developed should consider building vertically than horizontal. More compact cities are encouraged to discourage the sprawl of areas. Considering human health and cost, most of the services needed within certain areas should be developed within the existing area. This is to reduce fuel consumption and air pollution, that has a detrimental effect on the people. To protect the natural environment and increase the quality of life, neighbourhoods, communities and regions should have compact, multi-dimensional land-use patterns that ensure a mix of uses. The development should minimise the impact of cars and promote walking, bicycling and transit access to employment, education, recreation, entertainment, shopping and services. Economic development and transportation investments should reinforce these land-use patterns and the ability to move people and goods by non-automobile alternatives, wherever possible.

### **THEORIES OF UNDERSTANDING LED**

Theories of LED play state-of-the-art theoretical positions on such important issues, like inner-city development, rural development, technological innovation and rebuilding economic infrastructure (Bingham 1993). Different economic growth models stress alternative economic development.

*Mercantilism* is where the wealth of a nation is determined by the accumulation of gold and running trade surplus. LED aims at making better use of locally available resources (Pettinger, 2019). The use of locally available resources is encouraged. This will encourage increasing returns from the developments since the surplus is exported. Extracting resources available within the community is less costly and more profitable from exporting the products.

*The classical theory* emphasises the role of increasing returns to the scales or specialisation. The productivity of labour. Smith argued that income per capital was determined by the state of the skill, dexterity and judgment with that labour is applied in any nations (Birkan 2015). LED aims at creating favourable locational factors that are qualities that make a place a good place to do business. This includes noticeable elements like improving the infrastructure and training workers, but also less obvious elements such as the business-mindedness and efficiency of local administration. In the communities where development is taking place, it means the local people who are participating are trained and become well-skilled. This then creates more jobs within the community. The theory also states the role of trade in enabling greater specialisation.

*Neoclassical theory* growth based on supply-side as labour productivity, size of the workforce, factor inputs. As capital increases, the economy maintains its steady-state rate of economic growth. The need for technological progress, that then increases the productivity of capital or labour (Birkan 2015). The theory focuses on the supply-side model of investment. This is how to supply targeting those outside the region. It creates high chances of having interregional convergence. Draws heavily on the literature of national economic growth developed by Roy F. Harrod (1939) and Evsey D. Domar (1946). Interregional convergence is more likely than international convergence because factors of production are more highly mobile across regions. There are three key elements in the model labour supply, capital stock and technical progress. Improved investment in education and technical knowledge from other region lead to technical progress. The development of the health facilities will control the death rate hence population growth. As a result, increased labour supply. Placing regional wage to become relative to other wages in other regions, migration of workers from other regions will result in the increased labour force. The participation of the residents will enable them to invest and causes regional growth in the capital stock. This will then result in the growth of a region where development takes place.

*The Endogenous growth theory* states that the rate of economic growth in the community is strongly influenced by human capital and the rate of technological innovation. Paul Romer and Robert Lucas placed great emphasis on human capital (Bingham, 1993). Workers with greater knowledge, education and training can increase rates of

technological advancement. It is imperative for government to encourage technological innovation. The increase in human capital productivity can have increasing returns. The type of capital investment determines. The theory emphasises the importance of spill over benefits from a knowledge-based economy (Pettinger, 2019). LED aims at making local markets work better. It aims at creating places and opportunities to match supply and demand and to discover, propagate and promote new business opportunities.

The central idea Of *Growth Pole Theory* is that economic development or growth is not uniform over an entire region but, instead, takes place around a specific pole or cluster. This pole is characterised by core or key industries around that linked industries develop, mainly through direct and indirect effects. These key industries involve a wide variety of sectors, including automotive, agribusiness, petrochemical, etc. Direct effects imply the core industry is purchasing goods and services from its suppliers or providing goods and services to its customers. Indirect effects involve demands of goods and services by the people employed by the core and linked industries supporting the development and expansion of economic activities such as retail (Gavrila-Paven and Bele, 2017). Perroux (1950) views space as a force that defines space as a type of network that is held together by centripetal forces. A growth pole refers to linkages between firms and industries. The expansion of the key industries implies the expansion of output, employment, related investments and new technologies and new industrial sectors. Development at the centre produces trickle-down effects within a lagging region as the lagging region's goods are purchased and labour.

*Product Life Cycle theory* is broken into four stages, which are introduction, growth, maturity and decline (Kopp, 2020). It is the length of time a product is introduced to consumers into the market until it is removed from the shelves. The product cycle is also the expected life cycle of a typical product from design to obsolesce. The maximum product value at each stage is the goal. The location of the product in the first stage is most preferably in the urban areas for immature firms. Once the product is standardised undeveloped regions are more preferable due to cheap labour and low-cost location in the final stage. The central focus of the model is a technological change in the context of multinational corporations and multinational capital and the progressive maturing, standardisation and obsolescence of products.

At the core of the model are technological change and the contention that after the initial development of a product within an undefined business enterprise context. Locational suitability, change systematically as the new technology ages.

Ageing is reckoned to increase the need for more capital-intensive production, more specialised equipment, longer production runs and stable production techniques, cheaper, unskilled labour and lesser inputs of managerial and technical skills (Rowe, 2016). Simultaneously, the market shifts from a seller's market to a buyer's market, price elasticity increases and competition become fiercer. These changing conditions have spatial consequences. A locational element was central to the early formulations of the product-cycle model as it was applied in metropolitan areas, an aspect of the model that has been elaborated with great clarity. Technological maturity in this context was reckoned to reorient production and exports away from bases in developed countries towards new bases in developing countries (that ambiguously, could be operated either by entirely new firms or by branch plants of developed-country transnational corporations).

#### **GLOBAL EXPERIENCES IN LED**

LED is a widespread facet of international development planning, particularly in the context of pervasive trends towards decentralisation. Europe is regarded as the cradle of local economic approaches. Pressure to stimulate has come from the uneven distribution of economic resources. International experience has demonstrated that local authorities can play a pivotal role in LED initiatives for poverty alleviation (United Nations, 2015). Municipalities have been placed strategically to undertake local long-term planning in the arena of poverty alleviation particularly as it relates to NGOs, CBOs and the private sector. The task is to address the crucial issue of how territorial development and the potential of the local economy can be both means and resources for the concrete application of the new SDGs. This is to face challenges of food and the environment, a more socially equitable development, development based on social innovation and the enhancement of cultural identities.

South Asia experienced LED as local stakeholders, often led by local or regional authorities working together to mobilise local skills and resources. This is to develop economic opportunities within the local

area. LED tools and techniques support public and private sector interventions to ensure equitable distribution of benefits to the citizens. Asia experienced LED as a process of development that occurs at the subnational level (Research Continental-Fonkom (RCF) and FinMark Trust [FMT], 2012). The national, regional, local government, business, community groups and international development partners work together to counteract and reverse some of the negative development trends. These include the growing incidence of absolute and relative poverty, inequalities and disadvantage linked to marginalised social groups, poor access to infrastructure and services, growth in formalisation and the disappearance of industries.

The Pacific region contains more than half of the world's population, of which 900 million are classified poor. Inclusive economic growth became essential for the countries of the region to reduce poverty and vulnerability. The shortfall for urban infrastructure investment is undermining the competitiveness and the social cohesion and environmental sustainability of Asian cities. The civil people in these countries have a lack of capacity in the decision-making process, especially in India and the Philippines.

In Kurunegala District, Sri Lanka, the local authority, in partnership with a multi-stakeholder, promoted small local producers to develop the dairy sector which then created more jobs for the unemployed youth. In Indonesia, the local economic growth promoted a people-oriented approach in rearranging traditional markets and street vendors towards a liveable city (Zhihua-Zeng, 2021). This was done through the construction of the vending or market infrastructure within the cities. At the same time, this development promoted greening in the environment. For instance, Monjari, the area which was formally occupied by vendors, was transformed into open green spaces for the public and became liveable. LED also resulted in the construction of better market infrastructure for the city.

In the region of Rhone-Alpes in France, local authorities, in partnership with the urban planning department, the peoples' committee and NGOs worked together in identifying the key needs of the marginalised communities. This resulted in the improvement of these communities. Offices were established to develop the links between small to medium enterprises (SMEs) and in other regions. In America, LED was thrust on the centre stage of domestic policy, often focusing on emerging

tensions between central and local government (Boyle & Meyer, 2007). The urban economic growth witnessed a decline, hence local authorities collaborated with the private sector. This led to economic growth and the high rate and unemployment and poverty declined. Yigitcanlar and Velibeyoglu (2008) state that knowledge-based development strategies play an important role in supporting LED cities in the knowledge area. LED contributed to the creation of a better environment in Brisbane, Australia. This was through the help of communities and use of the locally available resources. The use of local resources promoted more jobs for the community and better infrastructure from the generated revenue.

### **REGIONAL EXPERIENCES**

LED in Africa aimed at building African unity from within and driving development through the grassroots. In South Africa, it is notable that LED is understood in a very different way from elsewhere in the world. For the past 15 years, South Africa has become a laboratory for LED. It is often confused with territorial planning in particular as Integrated Development Plans claimed to address, among other things, LED (Meyer-Stamer, 2018). It is often entangled in community development, which leads to a situation where, due to conflicting rationales and goals, neither social nor economic objectives are achieved. LED often focuses primarily on black empowerment and the promotion of emerging entrepreneurs. LED is not supposed to be “smokestack chasing” (Khumalo and Mthuli, 2019). This is adequate to the extent that luring external investors merely by offering subsidies is not a smart LED concept.

However, it encourages a mindset that neglects the opportunities created through the attraction of external investors, thus forfeiting the option to attract the type of investor that have created millions of low-skilled jobs in Asia and Latin America. In other words, LED in South Africa tends to be muddled and highly selective. Community development in South Africa is about solving social problems such as health, housing, education, and it involves principles such as solidarity and support for the weak and marginalised.

Instead of encouraging the creation of oversized, ineffective LED opportunities, local stakeholders must be persuaded to look for specific project ideas that are quickly implementable and will make a difference for local businesses and encourage local stakeholders to establish a

governance structure only when there is something to be governed, i.e., when some practical projects are underway. The Department of Provincial and Local Government, South Africa, argues for LED, claiming that through it, local people work together with the support and facilitation of the local state and other external stakeholders to achieve sustainable economic growth and development that brings an improved quality of life for all. For several years the government gave preference to projects focused largely on poverty alleviation. The Eastern Cape happened to be the pioneer in modern LED activities, followed by Durban and Pretoria, leading the way in initiating activities (Department of Provincial and Local Government South Africa, 2008). The activities include building local competitiveness by encouraging place entrepreneurship and strengthening city assets and capabilities, as centres of production or consumption or knowledge-based information-processing activities, within a changing global economy.

Donor interventions and support have been crucial for launching an agency approach and broader LED activities in Mozambique and Malawi. Malawi's experience is of particular interest as it is the first African country to fully implement Japanese-conceptualised LED in the form of the 'one village one product' (OVOP) movement (Yoshida, 2009). It is an approach that represents a self-reliant and community-based variation of applied LED. It focuses on developing unique products linked to human resource development and capacity building. Non-governmental organisations have also shown to assume a role in promoting alternative rural development in parts of Africa.

LED in Switzerland, Zambia and Kenya focus on upgrading small enterprise clusters. Strengthening local economies by developing the popular or informal economy and integrating towns and their hinterland, represents the axis of the West African ECOLOC (managing the economy locally) programme (Abraham, 2005). In urban area, the concern was to improve the business environment, for both informal and formal sector enterprises.

LED strategies have surged in Brazil over the past decades. Brazil has an uneven spatial distribution that explains why economic activities centres on Sao Paulo (Nassif and Araujo, 2013). The development aims at reducing the technological gap in the cities. This will then boost productivity within the country. The government noted the impact of social and geographic disparities within the country, leading to the LED

to aim at creating equitable opportunities for society. This means a fair distribution of social and economic growth facilities. The government aimed at reducing poverty through the provision of jobs to the poor in the rural and urban areas (Dalto, 2007). The housing and transport facilities were developed in communities of both the low-income earners and the high-income earners. It is observed that African countries often lag badly on the indicators of the quality of the business environment.

### **LOCAL EXPERIENCES**

Ndlovu (2020) argue that through LED, agriculture and mining production aim at creating employment for the people, especially in rural areas. LED is an example of a national development policy targeted at empowering marginalised communities. The Government of Zimbabwe aims at poverty reduction. The government's commitment to developmental local government through LED is particularly relevant for understanding the current LED-poverty connection in Zimbabwe. The definition of LED in Zimbabwe encompasses the spatial area, the concept of collaboration among local stakeholders for the promotion of economic growth and development towards the end of achieving improved quality of life for all. Stakeholders in LED include the state actors, the private business sector and civic society. The state creates an enabling environment that removes unnecessary transaction costs, bureaucratic barriers and promoting knowledge asymmetries.

The private sector brings in capital and expertise, creating employment opportunities (United Nations Country Team, 2014). Civic society is responsible for the checks and balances that ensure the improvement of the quality of life for the local communities - for participation and involvement that enhances partnerships of the LED trajectory acceptance. LED experience has been a well-appreciated concept in Zimbabwe at the central level of government and slowly appreciated at the local level government.

The Government of Zimbabwe introduced policies such as the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) from 2013 to 2018, to promote LED. This was after a noticeable unequal distribution of facilities. The Constitution of Zimbabwe created a framework for free interaction of local governance stakeholders in planning processes and execution of policies for LED

(Law Development Commission, Law Society of Zimbabwe, 2016). The Ministry of Small and Medium Enterprises and Cooperative Development is mandated to stimulate economic growth, create wealth and employment opportunities and promote sustainable environmental conservation practices to reduce poverty. The Ministry created a revolving fund, the Micro Enterprise Development that Fund. It was set up to benefit innovative enterprising individuals in Tafara and Mabvuku (high-density locations in Harare) and other areas. LED allowed the provision of training centres through the Ministry that created a Micro Enterprise Development that Fund that is a revolving fund. It was set up to benefit innovative enterprising individuals in the Areas of Tafara and Mabvuku (High-density locations in Harare).

## **DISCUSSION**

Local economic development has increasingly become crucial. Hence there is need to understand and implement it well. Knowledge about the concept of LED is very important to create better living standards. The urban and rural have been suffering from inadequate decent shelter, unreliable and overloading public transport, poor infrastructure, unemployment and poverty. Many countries have struggled to find solutions to these problems through financial and food donations. Despite these efforts, it is imperative to consider the sustainability of the solutions provided that are encompassed in LED. Development should involve community participation, NGOs and the private sector. Community engagement enables sustainability in the development.

LED will enable poverty reduction in cities, through employment creation for both the rich and poor, the skilled and unskilled . Compact cities will reduce the use of and costs of fuel and the creation of mixed uses. The use of local resources will generate more revenue for the communities. Resource mobilisation will enable the current generation to enjoy the benefits while not forgetting the future. LED ensures resource extraction without degrading the environment. The government should engage in public participation within the economic growth of the country. This will enable long-lasting developments. Training should be given to the community inhabitants to enable them to find employment and participate in the development. Planners are encouraged to participate so that they can design sustainable infrastructure and encourage the bottom-up approach.

## **CONCLUSION AND POLICY OPTIONS**

It is concluded that in a bid to achieve liveable communities for both young and old, rural and urban areas, rich and poor, it is imperative to understand the local economic growth of the areas so that the development is well executed. It is noted that LED is an approach that has been used in different countries. It is of greater importance to understand that LED is an approach for different stakeholders to work together in a bid to achieve a better quality of living. Better quality of living comprises the provision of jobs, adequate housing, poverty alleviation, adequate public transport provision, education and food security. However, it is noted that these measures do not last because of different factors within the countries. These factors include political instability, corruption and lack of funding. This chapter will help the government on how the development should take place within the communities. Understanding LED enables transformation within the communities and creation of liveable cities. The development should encourage job-creation, educational facilities, decent housing and provision of adequate and efficient transport. It should also allow compactness and become environmentally friendly and encourage community participation. Not only the government should participate in the development, but also the NGOs, private sector and civic sector. This is so because more funding is needed to successfully implement the development. Different innovations are also encouraged.