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The Role of Participation and Partnerships in Local Economic Development in Africa

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Abstract: As urban populations in developing countries continue to grow, cities are becoming an increasingly critical component to economic stabilization as well as to overall national development. Recognizing urban migration patterns and the underlying importance of economic growth, local governments must design comprehensive, but flexible strategies that include public-private partnerships and civil society participation. To build and strengthen local capacity, economic development strategies must involve a process to create linkages between stakeholders and a plan for enhancing economic productivity and diversification using local resources. The Capstone team assessed recent approaches to local economic development (LED) in two cities: Livingstone, Zambia and Kigali, Rwanda. The team critiqued existing development models and proposed an economic development framework that helps to build and measure partnerships and participation. The outcome was a reporting template designed to assist USAID in reviewing future economic development strategies.

The paper that follows reviews the role of local economic development given the challenges accompanying explosive population growth in African cities. Two components of local economic development, participation and partnerships, are then defined and explicated in the context of urbanization and change. Next, specific donor LED models and frameworks are described and critiqued as a precursor to case studies on Kigali, Rwanda and Livingstone, Zambia. We follow the case studies with a section outlining what the success of LED in African cities depends on, building upon theories and concepts from the donor models as well as our field work experiences. We convert our drivers of success – emphasizing partnerships and participation and other critical variables – into a tangible LED model. Lastly, we explain how the application of the model can be evaluated in individual cities.

Table of Contents

List of Acronyms

Executive Summary

- I. Introduction
- II. Participation and Partnerships
 - A. Participation
 - B. Partnerships
 - C. Stakeholder Identification
- III. Local Economic Development Models
 - A. The World Bank’s City Development Strategies
 - B. UN-HABITAT
 - C. Gesellschaft Für Technische Zusammenarbeit (GTZ)
- IV. Case Study: Kigali, Rwanda
 - A. Background
 - B. Kigali Economic Development Strategy
- V. Case Study: Livingstone, Zambia
 - A. Background
 - B. Livingstone Economic Development Strategy
- VI. A New Model of LED
 - A. Integration of the Models and Case Studies
 - B. Our LED Model
 - C. Reporting Templates
 - 1. LED Strategy Report
 - 2. LED Implementation – 1 Year Progress Report

Bibliography

Appendix 1 - UN Habitat Tools

Appendix 2 - Notes from Field Visit: Kigali, Rwanda

Appendix 3 - Notes from Field Visit: Livingstone, Zambia

List of Acronyms

CC	Coordinating Committee that developed KEDS
CC	KEDS Collaborative Committee
CDS	City Development Strategies
CoK	City of Kigali
KEDS	Kigali Economic Development Strategy
KIST	Kigali Institute of Science and Technology
LCC	Local City Council (Livingstone)
LED	Local Economic Development
OED	Office of Economic Development
PPPs	Public Private Partnerships
Sun/Sun International	Refers to both the Zambezi Sun and the Royal Livingstone Hotels
WBG	World Bank Group

Executive Summary

The rapid growth of African cities in recent decades presents both challenges and opportunities to local governments in their efforts to foster economic growth and provide public services to urban populations. Local economic development (LED) strategies can both mitigate the negative consequences of urban growth trends and leverage internal resources. The successful creation and implementation of LED strategies are dependant on the ability of local authorities to engage a wide array of stakeholders. During the first stages of strategy development, it is important to consider: the *number of stakeholders* involved, their *degree of participation* and the *diversity of representation*. As planning becomes increasingly detailed, participation is transformed into ‘partnerships’. Unlike participation, a partnership implies a more formal and potentially economic relationship, often with clearly defined roles and responsibilities for each stakeholder. Partnership focuses on transforming inclusion into working, productive and equitable relationships.

Field visits to Kigali, Rwanda and Livingstone, Zambia were conducted during January 2003. The cases are different in approach and findings but are similarly useful in illustrating the challenges faced when developing strategies. The Kigali case focuses on the management challenges during the process of developing a strategy. The Livingstone case focuses more on the local government’s resource constraints and the economic environment and opportunities.

Kigali, Rwanda

In March 2001, Rwanda’s central government put in place a policy of fiscal and administrative decentralization to municipal levels of government. In order to support this effort, in April 2001 The Cities Alliance supplied funding to the City of Kigali to undertake a participatory economic assessment and strategy development process. The Kigali Economic Development Strategy (KEDS) began with comprehensive socio-economic data collection by the city in partnership with a local research institute. A collaborative committee was formed which represented diverse stakeholders from public and private sectors, civil society as well as central and local government. Through a series of workshops, the committee analyzed the data and prioritized strategies in terms of economic factors that the local government could influence and sectors that the economic development strategy could target. Since the release of the KEDS strategy in August 2001, incremental progress has been made on implementation. However, the greatest contribution of the KEDS process is that it has given the local government officials who participated a better understanding of how to assess the economic climate and how to plan for the future. City officials are able to articulate a clear vision for the city including economic development priorities.

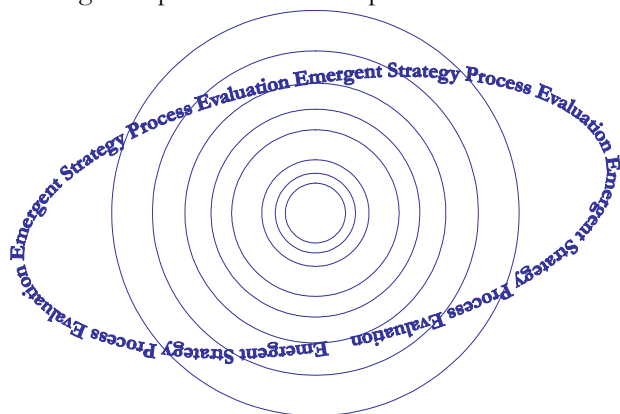
Livingstone, Zambia

In an effort to respond to the weight of economic decline, locally and nationally, Livingstone has convened public officials and private citizens to advance LED. The April 2002 Planning Workshop and the November external assessment seemed to formalize the city’s commitment to LED, but the economy and

Livingstone City Council continue to stagnate. The early LED phases did draw from a diversity of stakeholders, helping diversify the knowledge base and dialogue. A closer look at participants, nevertheless, revealed that more marginalized groups, namely those living in compounds, and different types of farmers (especially given the fast-growth prospects of agriculture there) were excluded from the discussions. Moreover, realization of LED action plans and goals is constrained by fiscal and administrative challenges. The current carrying capacity of the LCC is small, and there is limited value to Livingstonian entrepreneurs who have ideas but little capital. Finally, there are no explicit indicators for measuring progress or changes. The LCC's responsibility for LED, in general, would be strengthened by establishing an LED office within the Council.

A New Model for LED

Upon review of three normative donor LED strategies, differences, strengths and weaknesses emerge. Integrating the strengths of the models with lessons learned from field visits can lead to a more holistic approach to LED planning. The model presented below, which should be read from the inside out, draws its strength from the core – the local government as well as the stakeholders. The model reflects the importance of participation and partnerships. The concentric circles and the bold outer ring – revolving “emergent strategy” and “process evaluation” remind planners of the inevitability of unintended consequences and serendipitous changes. Flexibility is critical, and stakeholders should resist the tendency to compartmentalize and dictate a linear, definitive end to stages in the LED process. Taken as a whole, the figure represents the LED process.



Working from the inside out, the nine circles correspond to the following:

- Enabling Local Government;
- Mobilizing Stakeholders;
- Environmental and Internal Assessment;
- Strategy and Reflective Reasoning;
- Implementation Planning and Partnership Development;
- Rollout;
- Demonstration Project(s) and Capacity Building;
- Monitoring and Evaluation;
- Annual Review (outside looking in).

Based on a review of the models and field research, LED planning should: balance structure with flexibility; balance participation with time and resource constraints; ensure transition from participation to formal partnerships; utilize knowledge of the social, political and economic environment and sound economic principles; assess and reform local regulatory frameworks and regulations; account for local, national and global trends; ensure that future planning matches the capacity of the local government; balance local government ownership with donor interest/investments; and continually perform process evaluations, monitoring and follow-up.

I. Introduction

The burden of rapid population growth without adequate economic growth affects many cities in the developing world. In contrast to the contributions that urban growth has made to GDP growth in other parts of the non-western world, the population growth of African cities over the past few decades has not been associated with national economic growth.¹ Moreover, urban migration and population growth in Africa are expected to continue.² The existing concentration of people in African cities and forecasted further growth are redefining the role of cities and local governments. African cities are not without economic opportunity; the roots of economic prosperity are present even if entrepreneurial activity is weak and current urban government revenue bases are feeble. The fiscal and non-fiscal needs of urban population growth can be better met by creating well-defined local economic development (LED) strategies.³

LED is a development strategy intended to help cities tap their potential and shield patterns of urban migration from an even longer-term economic decline. The LED approach anticipates both economic prosperity and improved local governance. “The reason that city master plans and strategies have failed is in large part because they have ignored the importance of addressing economic growth and development as a sector...A city that addresses its economic base and identifies the role it can play to strengthen it, also changes the way it governs.”⁴ LED empowers local people, local governments and local industries. It is based on the collaboration of different actors – public, business and non-governmental – which are collectively trying to foster conditions favorable for economic and employment growth.

LED is intended to enhance both the vitality of the local economy and the fiscal capacity of the local government. It is an introspective exercise that attempts to determine what can help and what will “hinder” a city.⁵ Accordingly, LED relies on marketing existing fast-growth sectors and discovering new economic opportunities. LED strategies typically emanate from a local government in an urban center, but the arena for positive change and market access includes developing linkages with rural areas, enhancing rural productivity, and developing agribusiness opportunities. The LED process identifies ways to leverage urban economies, often in intermediate centers and farmland, which is often vast in quantity but only cultivated on a small scale. “These intermediate centers should become vigorous points of interaction with rural economic growth by encouraging small-scale industries, marketing facilities for rural products, and agricultural extension

¹ “Regional Overview,” Abstracted from World Bank Regional Reports – Africa Region, Spring 2001.

² “The Urban Challenge,” Cities Alliance – Cities Without Slums, The World Bank Group, July 2002; “Making Cities Work: USAID’s Urban Strategy – An Initiative Launched by the Administrator and Prepared by the Urbanization Task Force,” U.S. Agency for International Development, February 2001, 6.

³ “Dynamic Cities as Engines of Growth,” *Entering the 21st Century – World Development Report 1999/2000*, The World Bank (New York: Oxford University Press, 2000) 132-134; “The Role of LED in Urban Development,” The World Bank Group, 2001, http://www.worldbank.org/urban/led/role_of_led_wb.html.

⁴ Greg Clark, “Emerging Local Economic Development Lessons from Cities in the Developed World, and their applicability to Cities in Developing and Transitioning Countries,” World Bank Urban Forum: Tools, Nuts, and Bolts, Washington, D.C., April 2002, 1.

⁵ “Local Economic Development: Global and Local Context,” *Local Economic Development Primer*, December 2002, 7.

services.”⁶ The rural-urban linkages approach also supports the LED emphasis on partnerships⁷ and the international impetus for greater participation (going beyond local elite capture of power that characterized earlier stages of decentralization).⁸ It may also require development of the fiscal and managerial capacity of local governments that deliver key public services.

Development of the economic base, therefore, depends on a variety of industries, agriculture included. The practice of LED requires a comprehensive assessment of the dominant and potential industries and conditions in a city in order to guide the planning process, as well as an identification of priority activities of the public sector designed to support local economic growth. LED, once tailored to individual cities, is a targeted response to managing the challenges of recent decades – population growth and economic decline – and shoring up the forces of change. LED activities can make change an intended and real outcome.

⁶ A.C. Moshia, “Africa’s Future,” *Forum for Applied Research and Public Policy*, v. 16, no. 2, Summer 2001.

⁷ “Networking and partnerships are key ingredients, since collective learning and robustness depend on a continuous exchange and flow of information.” (Kurt Larsen, “Learning cities: the new recipe in regional development,” *The OECD Observer*, Summer 1999.)

⁸ “If the people are to be able to develop they must have the power...That higher levels of participation of the beneficiaries should and do have positive effects on socio-economic equality in African countries is a foregone conclusion. More particularly, widespread participation generally means more widespread access to power, and those who gain access to power will insist that there be actions to broaden their share in the economic benefits of society.” (Kempe Ronald Hope, “Managing Rapid Urbanization in Africa: Some Aspects of Policy,” *Journal of Third World Studies* no. 2, Fall 1999.)

II. Participation & Partnerships

Local economic development strategies can serve to mitigate the negative consequences of urban growth trends and enhance the positive impacts. Regardless of the models employed, most strategy development models emphasize two critical components: *participation* and *partnerships*. The anticipated prospects of LED are rooted in the breadth and depth of organizational and individual relationships, which serve as both ends and means of LED strategies.

Why are these linkages valuable within the context of LED strategies? The LED strategy is not only a planning roadmap, but a process as well.⁹ As a roadmap, the strategy outlines policy priorities and long and short-term strategies for enhancing the urban economy. Participation of various stakeholders helps to ensure an inclusive and comprehensive strategy. As a process, the participatory strategy development is a first step in augmenting relationships and linkages between stakeholders that will help during the implementation of activities. Partnerships and participation help to guarantee two important outcomes of LED strategies: economic growth and poverty reduction. The successful creation and implementation of LED strategies is dependant on the ability of local authorities to engage a wide array of stakeholders who represent planners and decision makers as well as ordinary citizens. At the same time, local authorities must engage civil society representation including poor, marginalized and vulnerable populations who are able to articulate concerns regarding poverty reduction and equitable distribution of services as well as economic growth.

A. Participation

‘Partnership’ and ‘participation,’ like many terms in the development field are often overused and vaguely defined. Participation within the context of governance can be defined as “forums for exchange that are organized for the purpose of facilitating communication between government, citizens, stakeholders and interest groups, and businesses regarding a specific decision or problem.”¹⁰ One of the goals of devolution is to facilitate a closer link between government and civil society in order to foster these forums. Communication can lead to a synergy of ideas and ensure that a variety of perspectives are voiced. In its analysis of the City Development Strategies, the World Bank states,

The accent on social inclusion and stakeholder participation finds resonance with current thinking on development, which emphasizes the importance of, firstly, taking a holistic approach giving equal weight to economic, political, institutional, social, and cultural factors, and secondly, democracy, which is seen as a vital component of development, not merely an outcome of the process of economic and social advancement.

⁹ “The Kigali Economic Development Strategy: A Conversation with Ernie Leonardo,” Institute of Public Administration, Fall 2002, http://www.theipa.org/publications/ipareport_fall2002_kigali.pdf.

¹⁰ Minu Hemmati, Multi-Stakeholder Processes for Governance and Sustainability (London: Earthscan Publications Ltd, 2002) 44.

Ideally, participation produces these two outcomes. The first is a strengthened and enhanced democratic system- the degree to which civil society is engaged in decision-making and the assurance that the majority voice is accounted for regarding key issues.¹¹ But whether a more democratic system leads to poverty reduction is a contestable argument. Theoretically, devolution coupled with democratic local governance enables participation and expanded representation. This in turn leads to greater empowerment of marginalized groups and hence, poverty reduction (see Figure 1). While participation leads to greater empowerment, there is little evidence that it produces poverty reduction in the short term.¹²

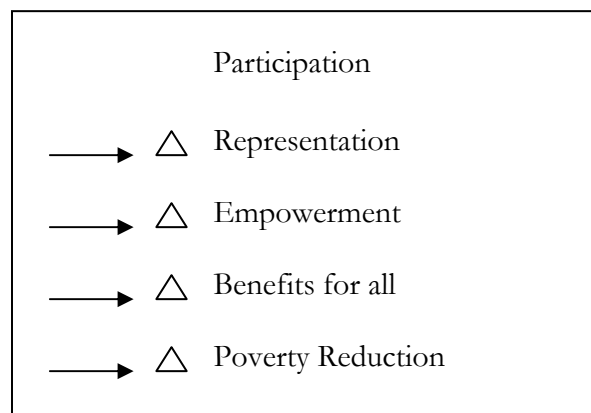


Figure 1: Democratic Local Governance Causal formula¹³

Because there is “a vital connection between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems,” participation plays a central role in the development of LED strategies.¹⁴ Participatory LED strategy development acknowledges the linkage between open and democratic political systems, individual economic empowerment and LED. A second desirable outcome is efficient, demand driven delivery of services and economic opportunity. Because there is consultation from a variety of actors, there is a synergy of ideas that can produce better-informed decision-making regarding the services provided. Economic, political, social and cultural factors receive equal weight. “In the context of a specific project, participation can be used to interpret demands and

¹¹ Minu Hemmati, *Multi-Stakeholder Processes for Governance and*, 45.

¹² Harry Blair, “Participation and Accountability at the Periphery: Democratic Local Governance in Six Countries,” *World Development*, Vol. 28, No 1, 2000, 21-39. “The main reason for this short-term pessimism is that when governance is decentralized, local elites get most of the power and steer benefits to themselves, or at least maintain the existing distribution patterns.” (25)

¹³ Harry Blair, “Participation and Accountability at the Periphery: Democratic Local Governance in Six Countries,” 23.

¹⁴ “Engaging Citizens in Policy Making: Information, Consultation and Public Partnership,” OECD Public Management Policy Brief, Organisation for Economic Cooperation and Development, <http://www.oecd.org/pdf/m00007000/m00007815.pdf>.

produce a better match between project outputs and local wants; it can be used to align the distribution of benefits and costs with the needs and aspirations of the community.”¹⁵

There are constraints to participation, however, that limit achievement of these outcomes. In the broadest sense, participation can be defined as, “a form of social action that is voluntary, rational, and based on the belief that individuals (or communities) have joint interests that allow cooperative solutions.”¹⁶ While the impact of participatory decision-making can be positive, it should not be assumed that participation would guarantee a holistic and equitable outcome. Because participation is a social act within a pre-existing social structure, its use for redistributive or radical social change can be limited in that it often reinforces existing social relations and “will assign costs and benefits in accordance to the pre-existing local distribution of power.”¹⁷ Decision-making in the development of LED strategies is consultative. Ultimately it is the local authority who is responsible for the final strategy and who have the final word. This pre-existing inequity presents a barrier to ensuring the concerns of poor and marginalized populations. In the sense that LEDs are products of an existing system, change is incremental at best. Still, socio-economic and political inequities between stakeholders are not always a barrier (particularly when there is progressive, well-intentioned leadership at the local level). It should, however, be considered when developing stakeholder committees. An additional constraint is the ability (or lack thereof) of societies to formulate clear, specific directives to governments. Expert understanding and specific policy directives are often difficult for civil society representatives to formulate.¹⁸ These constraints can be minimized with well-designed participatory processes.

Participatory Design

It is not uncommon for project planners to claim that processes were participatory without explicitly defining the process in terms of how participation played out, and what benefits it provided. Planners should deliberately plan participatory processes and consider how the nature of participation will change throughout the process. Well thought-out participatory design and implementation can:

- Build a sense of community ownership and responsibility for project activities;
- Increase representation and participation of woman in decision-making;
- Increase the level of representation of other vulnerable groups;
- Provide a better understanding of the issues and their complexities;

¹⁵ Vieira da Cunha and Valeria Junho Pena, “The Limits and Merits of Participation,” *World Bank Working Paper*, <http://econ.worldbank.org/docs/594.pdf>.

¹⁶ Vieira da Cunha and Valeria Junho Pena, “The Limits and Merits of Participation,” *World Bank Working Paper*, <http://econ.worldbank.org/docs/594.pdf>.

¹⁷ Vieira da Cunha and Valeria Junho Pena, “The Limits and Merits of Participation,” *World Bank Working Paper*, <http://econ.worldbank.org/docs/594.pdf>.

¹⁸ Vieira da Cunha and Valeria Junho Pena, “The Limits and Merits of Participation,” *World Bank Working Paper*, <http://econ.worldbank.org/docs/594.pdf>.

- Provide a commitment to address priorities in a cross-sectoral manner;
- Guarantee sustainable implementation of strategies because it allows for divergent interests to reach consensus.

Three specific factors must be considered. First, what is the *number of stakeholders* involved? Too many participants can cause vague policies that lack specificity due to the consensus process. It also becomes inefficient and time-consuming, as too few stakeholders result in a biased policy and lack of buy-in. Next, what is the *degree of participation*? Coordinators of the process must clearly facilitate how and what points during the process are stakeholders able to influence the process. Finally, is there *diversity of representation*? Exclusion of groups is inevitable but coordinators must be able to categorize and define sectors of influence. Once those sectors are identified, they must find the right individuals to represent each particular group.

Deciding the number of stakeholders, ensuring diversity of representation and defining degree of participation is a process that is dependant on local conditions and cultural and political context. Since each community has unique local conditions that effect LED, the mix of stakeholders will vary. However, some broad categorizations can be made regarding the stakeholders that should be included in the strategy development. Stakeholders should include:

- Those who are affected by, or significantly affect, a priority issue;
- Those who possess information, resources and expertise needed for strategy formulation and implementation; and
- Those who control implementation instruments.¹⁹

More specifically for urban centers, stakeholder involvement may include sub-national government, the private sector, international NGO and Donor Organizations, civic/community organizations, financial institutions and national government representatives. Identification of stakeholders will often be limited by what local authorities deem to be “priority issues.” Because the process begins with local government, priorities are pre-determined by their perspective. Their challenge is to be able to think broadly about economic development at this very early phase.

Identifying representation from the civic/community organizations can be challenging for implementers of LEDs. Governments must accurately categorize societal groups and include appropriate representation in the LED process. Proper representation in relation to gender, ethnicity, poverty, or other locally relevant criterion must be ensured.²⁰ In addition to *stakeholder inclusion, transparency, accountability, sustainability, equity* and *efficiency* are all part of the equation of a well-planned and implemented LED, but are not unique to LED strategies.²¹ LED strategizing depends on:

¹⁹ UN-HABITAT, <http://www.unhabitat.org>.

²⁰ UN-HABITAT, <http://www.unhabitat.org>.

²¹ “The Habitat Agenda,” UN-HABITAT, <http://www.unhabitat.org/unchs/english/hagenda/index.htm>.

- *Transparency* because information, priorities, strategies, actions are open to all stakeholders in the city;
- *Accountability* because by sharing in decisions, partners are accountable to each other vis-à-vis the tasks to which they have committed themselves;
- *Equity* because the groups which are usually excluded from the decision-making process have the opportunity to present their concerns and defend their interests;
- *Efficiency* because information is shared and decisions are taken in common, avoiding overlap and duplication of efforts. Actions are complementary and mutually supportive.²²

Given that it is important to open the dialogue, all of these elements are needed in order to build the flexibility and mutual trust needed for economic development. Yet, it must be noted that there are balances that must be met with each of these. Particularly within the context of participation, *equity* and *efficiency* may counteract one another. Equity of access to the decision-making processes must be balanced with efficiency in promoting local economic development and the provision of public services. Implementers of the strategizing process must decide carefully who to include, at which stages of the project cycle to include them, and how to maintain their involvement.

B. Partnerships

LED strategy development is a “project” with a clearly defined cycle from which the strategies themselves are the proposed outcomes. Unlike other projects, however, the degrees to which these abstract concepts (i.e. stakeholder inclusion, transparency, etc.) are present will help to determine not only the quality of the strategy itself, but will determine the ability of stakeholders to successfully transition to the implementation phase of the strategy. This transition into the implementation stage must also be marked by a transition in the nature of the relationships. During the first stages of strategy development, it is important to have a clear leader from the local government who galvanizes the effort and determines the degree of participation of stakeholders. As planning becomes more detailed and also during implementation, however, the stakeholders must transform their relationships into partnerships.

While ‘participation’ addresses the nature of inclusion and the degree of civil society participation, the concept of partnership focuses on transforming mere ‘inclusion’ into working, productive and equitable relationships. Partnerships are further defined as, “a set of institutional relationships between the government and various actors in the private sector and civil society.”²³ Unlike mere participation, a partnership implies a more formal “institutional” relationship with clearly defined roles and responsibilities for each stakeholder. A project that incorporates partnership strategies will be one in which the nature of the

²² “The Habitat Agenda,” UN-HABITAT, United Nations Human Settlements Programme, <http://www.unhabitat.org/unchs/english/hagenda/index.htm>.

²³ Clyde Mitchell-Weaver and Brenda Manning, “Public-Private Partnerships in Third World Development: A Conceptual Overview,” *Studies in Comparative International Development*, Vol. 26, No. 4, 1992, 45-67.

institutional relationships themselves will be defined and represent appropriate division of tasks and responsibilities.

Successful LED strategies are often created under a central government's commitment to decentralize because it can enable the emergence of new partnerships. Decentralization facilitates a redesign of relationships between the national and sub-national governments and between government and private sector and civil society. Derick Brinkerhoff states:

By allocating authority to regional and local levels, decentralization ensures that non-state actors will have someone to enter into partnership with. Decentralization through privatization in essence creates partnerships with private sector actors by narrowing the scope of government's role in goods production and service delivery, and opening up the playing field to private business. To the extent that decentralized relationships already exist that support and promote local autonomy and cross-sectoral collaboration, partnerships can more easily form and operate effectively.²⁴

Under a decentralized government structure, there are many different types of partnerships that can be formed among LED stakeholders of which public-private partnerships is one. The mix and nature of partnerships is infinite but their nature (e.g. appropriate division of tasks and responsibility with a clearly defined and shared objective) remains the same. It must be noted, however, that ultimate responsibility and accountability for LED falls under the government authority(s) that is developing the strategy. Decision-making during strategy development is consultative rather than collaborative. Once partnerships begin to develop around implementing activities, the government should somehow be involved, even if it is only in a monitoring or support role.²⁵ Partnerships can be a combination of two or more of the stakeholders illustrated in Figure 2. Some examples include:

- **INGO – Civil Society Partnerships** (The private sector working with citizen's groups toward a common goal): An example might be an FAO forestation project that works with indigenous groups to identify workers for high-labor intensity tree planting.
- **National – Sub-National Partnerships** (Different levels of government working together toward a common goal): An example might be the Ministry of Local Governments working with local governments to develop a GIS system to track land-titles in order to collect property taxes.
- **Sub-National – Private Sector Partnerships** (Local government working with the private sector toward a common goal): An example might be tax exemption on peri-urban land in order to encourage the development of a textile factory.
- **Financial Institution – Civil Society Partnerships** (Financial institutions working with indigenous NGOs toward a common goal): An example might be the development of a revolving micro-credit fund coupled with business training. A goal of the project would be to develop capacity of future loan customers.

²⁴ Derick Brinkerhoff, "Exploring State-Civil Society Collaboration: Policy Partnerships in Developing Countries," *Nonprofit and Voluntary Sector Quarterly*, Vol. 28, No. 4, 1999, 59-86.

²⁵ The central role of the government is discussed in more detail in Section VI, 'A New Model for LED.'

Public-Private partnerships are possibly the most common concrete derivatives of LED strategizing and therefore deserve special attention. Some recent research includes many concrete examples of public-private synergies that address issues such as risk management and reduction, cost reduction and productivity gains, new product development, new market development, human resources development, and product chain organizing. While these partnerships have their risks of controversy for the third sector, there is also mutual economic benefit to be realized.²⁶ Public-private partnerships are imperative in developing regions in order to compete regionally, and eventually globally. This capacity is critical as the global markets are open and emerging constantly. “Metropolitan economic strategies” are needed to produce a favorable legal and regulatory environment in order to incubate business. “[The critical element of partnerships is the decision-making process of private sector executives, investors, entrepreneurs, and consultants making facility location commitments in the global marketplace. Such decisions are made on the basis of synergy and attractiveness of metropolitan regions as centers of innovation that can provide businesses with competitive advantage.”²⁷ “Each of the major constituencies – business, government, and community leadership, must closely collaborate for the region to thrive economically, socially and physically.”²⁸

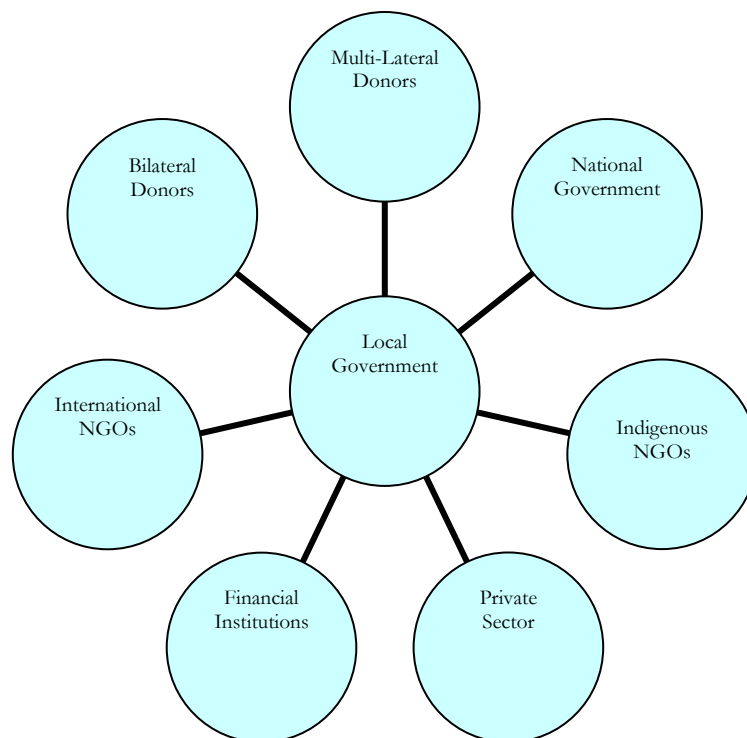


Figure 2: Stakeholder Partnerships for the implementation of LED Activities²⁹

²⁶ For example, Enron worked with CARE in India to assist in public relations as it built its power plant. (Steve Waddell, “Evolving Strategic Benefits for Business in Collaboration with Nonprofits in Civil Society,” November 1999, 9.)

²⁷ Marc Weiss, “Productive Cities and Metropolitan Economic Strategy,” Washington, D.C., October 2001, 6.

²⁸ Marc Weiss, “Productive Cities and Metropolitan Economic Strategy,” Washington, D.C., October 2001, 6.

²⁹ Figure developed by the authors.

C. Stakeholder Identification

To understand the concepts of participation and partnership holistically, it must be acknowledged that there is much conceptual overlap. Still, distinction can be made. Participation can be understood as the breadth (cross-sectoral inclusion, involvement of groups that have less (or a more diffuse) economic influence) as well as the depth of cooperation (degree of participation, equity, transparency). Partnership refers to the nature of the involvement of stakeholders—whether their relationships can be transformed into partnerships with clearly defined roles in the achievement of an objective.

Because the nature of LED strategies requires the integration of various sectors, the concepts of participation and partnership become multifaceted and complex in nature. The process of development of the strategy should incorporate strong practices in both participation and partnership. This helps to ensure that the outcome of the process, namely the strategy itself, is cross-sectoral and represents various interests in the society. But it also enables the partnerships to be cultivated and maintained as stakeholders move forward into the implementation of the strategy. The degree of participation and partnership during the strategic planning phase establishes a precedent that will determine the success of partnerships during the implementation phases of the economic development activities. Once the strategy itself is complete, the local government must *re-define* partnerships that have developed as well as foster new ones. While the implementation of demonstration projects and/or sectoral strategies can be seen in some respects as new projects with new project cycles, the linkages and relationships remain. These linkages make a more fertile environment for economic development and investment.

Given the definitions of participation and partnership above, it must be noted here that it is the nature of projects to lose degrees of participation as the project becomes more complex in nature. Once the strategy has been developed, there are a variety of activities to implement and too many decisions that need to be made about each activity to maintain the same level of participation. As there are more elements and details, participation becomes more costly and time-consuming. Partnerships, however, should increase in number and complexity as various activities require newly defined partnerships, as stakeholders become more comfortable with their respective responsibilities and as roles become more regularized. As an illustrative example, in the strategy development stage, all of the stakeholders may decide to modernize a land record system. All stakeholders would participate in prioritizing this implementing activity. During implementation, however, leading or contributing actors must partner on specific details such as acquisition of software, creation of a cadastre and provision of trainers.

Leaders of LED strategizing processes should understand the benefits of participation and be able to integrate participatory practices as well as foster the development of stakeholders' relationships into productive partnerships.

III. Local Economic Development Models

From the 1960's to early 1980's donor investment focused on neo-liberal economic initiatives on a national level such as structural adjustment policies and large infrastructure development projects. The work being done in urban areas focused on service delivery and hard infrastructure development and was almost exclusively done in partnership with national rather than sub-national levels of government. In the 1990's, multi-lateral donors began to shift their focus to local governments and concentrate on building a broader, more holistic vision for cities. This included an emphasis on institutional reform, public-private partnerships, soft infrastructure and capacity building, participatory development, and inward investment to improve a locality's competitive advantage.³⁰

Since that time, donors have developed an array of LED models that emphasize the importance of *participation and partnership* to various degrees. There are redundancies, but also complementary parts. Differences, strengths and weaknesses in the models emerge upon analysis. Integrating the strengths of the models will lead to a more holistic approach to LED planning. This synthesis of the best elements of the models with the lessons learned from the case studies or fieldwork completed will be reviewed in Section VI. This section will examine, and summarize several donor models or frameworks for LED planning, while noting the connection to or emphasis on partnerships and local participation. Three models are reviewed: the World Bank's City Development Strategies (CDS), UN-Habitat's Tools to Support Participatory Urban Decision-Making, and Gesellschaft für Technische Zusammenarbeit's Local Economic Development Framework. CDS is a strong, broad framework that incorporates LED into a cyclical project cycle. UN-Habitat uses a similar project cycle to emphasis issues of participation. GTZ focuses on models and tools for analyzing the economic environment.

A. The World Bank's City Development Strategies Model

The creation of the CDS Model was an attempt to draw upon the analytical expertise of the World Bank in its work on national development strategies and utilize that knowledge on a smaller 'unit of analysis'— namely, cities. CDS was developed as a response to the technical and coordination problems that similar programs demonstrated whereby multiple implementing agencies would duplicate efforts. Furthermore, it is an attempt to shift the focus on technical aspects inherent in master plans and create a broader visioning process that included greater elements of participation and accountability.³¹ Ultimately, CDS is meant to be a "...strategic visioning exercise [to] identify goals and direction for a city and to guide

³⁰ "Local Economic Development," World Bank Group, <http://www.worldbank.org/html/fpd/urban/led/history.html>.

³¹ For an overview of this issue, see "City Development Strategies (CDSs) Taking Stock and Signposting the Way Forward; A Discussion Report for DFID (UK) and the World Bank," July 2000.

policy decisions and resource allocation.”³² The CDS model includes coverage of four broad themes: good governance, fiscal balances – being credit-worthy, livability especially for the urban poor, and competitiveness.³³

The Model

The CDS model has a defined five-step process for local economic development, which flows as follows:

1. **Identification of Stakeholders & Participatory Planning;**
2. **Analysis & Visioning;**
3. **Strategy & Action Plan, Priorities;**
4. **Implementing Action Plans;**
5. **Monitoring & Follow-up.**³⁴

1. Identification of Stakeholders & Participatory Planning

This model clearly calls for the combined efforts of the public, private and civic/third sectors early in the organizing phase of planning an LED strategy. It emphasizes the importance of stakeholder investment, involvement and commitment up front. LED must have a “home” to ensure accountability for galvanizing and driving the LED effort. The model recognizes that all stakeholders are important and the planners must know who they are, what their interests are, and the most effective way to involve them. They provide a thorough categorization of stakeholders as seen below:

Public Sector	Private Economic Sector	Social Sector
<ul style="list-style-type: none"> • Local government including technical departments • District or regional government • Sector boards & authorities (health, education, transport) • Zoning board • Institutions of research and higher learning • Utilities 	<ul style="list-style-type: none"> • Large corporations • Small medium and micro scale entrepreneurs • Land and real estate developers • Banks and other financial groups • Chambers of Commerce, other business support organizations • Professional associations Private utilities • Private education establishments • News media • Think-tanks 	<ul style="list-style-type: none"> • Community leaders • Neighborhood groups • Community Service Organizations • Local educational institutions • Other non-governmental organizations (e.g., groups representing minorities, disabled and special interests, cultural, arts, historical societies, environmental issues)

Table 1: Stakeholders

³² “City Development Strategies,” World Bank Group, http://www.worldbank.org/html/fpd/urban/cds/main/whatiscds_2.htm.

³³ “Making Cities Work for All,” <http://www.makingcitieswork.org/>.

³⁴ “City Development Strategies, A Resource for Practitioners,” World Bank Group, 2000-2001, http://www.worldbank.org/html/fpd/urban/cds/main/doingcds_2.htm.

2. Analysis & Visioning

This stage focuses on problem identification. It asks cities and stakeholders to collect data, identify the major issues to resolve and to investigate their root causes. In order to research issues, CDS suggests the creation of task forces. Suggested information to collect include: economic and demographic information, local government hard and soft infrastructure, sectoral opportunities and regional and national information. Participants need to be aware of *how* the collected material will be used. This will help to maintain strategic focus and avoid over-collection.

3. Strategy & Action Plan

Here the aim is to utilize the information gathered to achieve a holistic approach to LED. All stakeholders should be involved in creating a collective vision of the economic future in order to chart a clear, shared sense of future direction. Strategies are written through a consultative process. CDS strategies include principles that are translated into actions with corresponding indicators. According to CDS, the strategy must include a vision and goals; clear, documented findings about the city's comparative advantage; specific actions and responsibilities; monitoring indicators; analyses of the capacity of the city government; and a timetable for implementation. If further input is needed from stakeholders, the document should be in draft form and the planners should come back together to update it. Economic growth must be balanced with equity in service delivery and poverty alleviation.

4. Implementing Action Plans

The action plans developed in the previous phase drive the implementation. It is noted that often, private firms will at this point focus on projects that would improve town centers or improve conditions for commerce, whereas the nonprofit sector would usually focus on projects aimed to improve the health or housing conditions of locals. The real test of the plan is to execute policy, strengthen capacity, "...such as fiscal, administrative or business environment reforms, and finding investors, credits, and finance to pay for investments or services."³⁵

5. Monitoring & Follow-up

Review of the LED strategy occurs on an annual basis, synchronized with the local authority's planning cycle. The review process should include these questions: is the SWOT analysis still the same or has it changed; is there new information that changes the perception of the issues; are changes required in the SWOT, vision, mission, goals, objectives, and if so what are they; are projects achieving what was hoped for

³⁵ "City Development Strategies, A Resource for Practitioners," World Bank Group, 2000-2001, http://www.worldbank.org/html/fpd/urban/cds/main/doingcds_2.htm.

and if not, why; are performance measures being met and if not, why; etc. In this stage, previously agreed upon indicators are tracked, and this information is used to guide policy decision-making.³⁶

B. UN-HABITAT's Tools to Support Participatory Urban Decision Making

The UN-Habitat, founded in 1978, is the lead UN Program for implementation of the Habitat Agenda, a global action plan seeking to achieve adequate shelter for all and sustainable urban development. The mission of UN-Habitat is to “promote sustainable urbanization through policy formulation, institutional reform, capacity-building, technical cooperation and advocacy, and to monitor and improve the state of human settlements worldwide.”³⁷ The Global Urban Governance Campaign is a global campaign by a coalition of partner programs with Habitat as its Secretariat, aiming to accomplish inclusive cities through improved urban governance, with participatory urban development decision-making being recognized as one of the principal leverage points to making inclusive cities a reality. Their toolkit or model, Tools to Support Participatory Urban Decision Making is the culmination of 15 years work with cities and reflects the lessons learned from operations research and academic research. The theme of the campaign is *inclusiveness* as both their strategy and also their vision.³⁸

The UN-HABITAT Model, Tools to Support Participatory Urban Decision Making

The UN-HABITAT model is comprised of four main phases:

- 1. Preparatory and Stakeholder Mobilization Phase;**
- 2. Issue Prioritization and Stakeholder Commitment Phase;**
- 3. Strategy Formulation and Implementation Phase;**
- 4. Follow-up and Consolidation Phase.**

1. Preparatory and Stakeholder Mobilization Phase

This initial phase entails mobilizing stakeholders, profiling or identifying issues affecting the urban environment or city, and identifying key concerns. The model delineates the stakeholders to involve, based on their influence on, involvement with, information and degree of control over implementation and planning.³⁹

³⁶ “City Development Strategies, A Resource for Practitioners,” World Bank Group, 2000-2001, http://www.worldbank.org/html/fpd/urban/cds/main/doingcds_2.htm.

³⁷ “About UN-HABITAT Overview, Mission Statement,” United Nations Centre for Human Settlements (UN-HABITAT), http://www.unhabitat.org/about/about_overview.asp.

³⁸ “Global Campaign on Urban Governance, Campaign Overview,” United Nations Centre for Human Settlements (UN-HABITAT), <http://www.unhabitat.org/cdrom/governance/html/foreword.htm>.

³⁹ “Tools to Support Participatory Urban Decision Making,” Urban Governance Toolkit Series, United Nations Centre for Human Settlements (UN-HABITAT), July 2001, 6, <http://www.unhabitat.org/cdrom/governance/html/ipsc.htm>.

“Issue and city profiling” is a process that has developed over time to track themes that affect their daily life in a city or urban area. The model suggests that the early involvement of stakeholders and stakeholder groups in the collection and sharing of “thematic” information progresses and deepens their understanding of the issues and hence, their ability to analyze the situation. A framework for analysis is provided in which profiles are developed that highlight the significant trends and areas of concern for urban areas, particularly institutional and management arrangements. A profile can be citywide and theme focused, issue specific, and/or area specific. Generic technical tools for rapid appraisal and socio-economic surveying, and thematic tools or concepts such as development-environment interactions are helpful at this stage for profiling, identifying and structuring the information collected. At this stage, having stakeholders *identify the key issues themselves* is critical for long-term implementation, and political legitimacy, as conflicts over scarce resources will need to be continually negotiated. Thus engaging stakeholders and their government counterparts as well as other partners in the process builds commitment for the long term.

2. Issue Prioritization and Stakeholder Commitment Phase

Elaborating and prioritizing issues are normally accomplished by developing “Proposition Papers,” – documents drafted to highlight issues, which illustrate how these issues are manifested and perceived, and demonstrate the variety of ways in which such issues have been or could be addressed. These proposition papers also set the stage for an informed and constructive debate. The knowledge is summarized, made available and as such lays the foundations for future discussion during consultation.

Building collaboration and forging consensus is a participatory activity and takes place through a broad-based “City Consultation.” This City Consultation process brings together the stakeholder in the public, private and civic sectors to debate issues. Here the facilitator plays a central role in attempting to have stakeholders reach consensus, and forge institutional arrangements to continue the process after the Consultation. These institutional arrangements are partnerships, which serve to: advance the identification and review of agreed upon priority issues; mobilize other, cross-sectoral partners and agree on a methodology for joint involvement; agree on methods to strengthen the existing institutional coordination; and marshal social and political support to obtain the necessary commitment to set in motion cross-sectoral working groups.

Formalizing commitment on ways forward is a key output of City Consultations according to the UN-Habitat model. Successful consultations are “carefully structured and professionally facilitated, with systematic coherence between plenary and group discussions, which stimulate concrete results that commit partners to the next steps. To formalize the results of the Consultation, and especially to publicly commit

participants to the agreed outcomes, Urban Pacts, sometimes called Consultation Declarations (see tool 2.9) are negotiated and signed by partner groups.”⁴⁰

3. Strategy Formulation and Implementation Phase

This is the most substantive and sometimes the longest phase and covers four main stages: (1) identifying priority strategies; (2) negotiating and agreeing on action plans; (3) designing and implementing the demonstration projects; and (4) integrating these projects/plans into strategic approaches.

In each step of this stage, *successful* cities have forged partnerships through issue based cross-sectoral “Working (or Task) Groups.” Throughout this process, stakeholders should and have been found to continue sharing information, evaluating implementation options, and advancing activities. The UN-Habitat model offers an excellent resource for participatory decision-making, and conflict resolution.⁴¹

One of the many UN-Habitat tools offered is the Environmental Management Information System (EMIS). This seeks to show the relationships between environment and development issues. This tool is further explained and outlined in Appendix 1. This model offers practical advice in avoiding “data traps” that encumber the planning process, differentiating between facts and policy, as well as how collected data should be assessable, used and altered with time, as change occurs.

The last piece of this phase, “Integrating Projects/Plans into Strategic Approaches” is cited as being often neglected, but very important for unifying the work of the Working Groups and generating awareness and wider understanding.⁴² When the strategies and demonstration-project results are discussed and agreed, it helps to integrate them into local government/legislative resolutions and their budgets. In this way, the participatory strategies become officially established with the governmental. Often, the best way to do this is through a “City Strategy Review Workshop,” a small consultation event, to ‘close the deal.’⁴³

4. Follow-up and Consolidation Phase

Implementation continues all the way through this phase, which has four aspects: implementing action plans; monitoring and evaluation; up scaling and replication; and institutionalization. The CDS model clearly calls for continuing the participatory nature of the process; their experience has demonstrated that stakeholder engagement “significantly increases the effectiveness of implementation. This results from being

⁴⁰ “Tools to Support Participatory Urban Decision Making,” Urban Governance Toolkit Series, United Nations Centre for Human Settlements (UN-HABITAT), July 2001, 7, <http://www.unhabitat.org/cdrom/governance/html/ipsc.htm>.

⁴¹ “Tools to Support Participatory Urban Decision Making,” Urban Governance Toolkit Series, United Nations Centre for Human Settlements (UN-HABITAT), July 2001, 87, <http://www.unhabitat.org/cdrom/governance/html/ipsc.htm>.

⁴² “Tools to Support Participatory Urban Decision Making,” Urban Governance Toolkit Series, United Nations Centre for Human Settlements (UN-HABITAT), July 2001, 87, <http://www.unhabitat.org/cdrom/governance/html/ipsc.htm>.

⁴³ “Tools to Support Participatory Urban Decision Making,” Urban Governance Toolkit Series, United Nations Centre for Human Settlements (UN-HABITAT), July 2001, 8, <http://www.unhabitat.org/cdrom/governance/html/ipsc.htm>.

able to utilise the knowledge and energies and resources of the stakeholders, who are at the same time more likely to be committed to the initiative being undertaken. *In contrast, the traditional approach of simply turning it over to a specific sectoral bureaucracy generally does not work well.*⁴⁴ Monitoring of demonstration projects is important for formulating lessons learned, which are then applied to up-scaling plans. Institutionalization signifies that lessons learned, participatory practices, and ‘new ways of doing business’ will be integrated into existing behaviors.⁴⁵

C. Gesellschaft für Technische Zusammenarbeit’s LED Framework and ‘Hexagon’⁴⁶:

The GTZ framework for local economic development centers on the relationship between the national government and the state. At the national level they work to support decentralization so that local government has the responsibility and authority needed to respond to the local context. At the state or local level, GTZ works to strengthen local governments and their provision of services. In doing so, GTZ encourages citizen participation in economic development planning, for example through citizen lobby groups. “Experience has shown so far that participation-oriented planning and urban development offer a number of advantages compared with traditional planning approaches. They increase economic and administrative efficiency, enhance social acceptance, and promote creativity in planning and management.”⁴⁷ The aim is to encourage citizens to hold their local government accountable for functioning, efficient local services.⁴⁸ In the model, there is no proscribed, chronological process. GTZ instead translates economic concepts into analytical tools that can be used and understood by practitioners and politicians. Thus, they establish more of an *analytical framework* than a specific *process model*.

GTZ’s LED Framework and ‘Hexagon’

As a part of the tool kit, the following concepts help achieve an understanding of the local reality:

- **Michael Porter’s Diamond**, a common and useful tool to analyze local and regional competitive advantages; Porter’s Diamond is a conceptual framework for appreciating how the economic environment of a country bestows strengths and weaknesses upon enterprises based in that ‘home’

⁴⁴ “Tools to Support Participatory Urban Decision Making,” Urban Governance Toolkit Series, United Nations Centre for Human Settlements (UN-HABITAT), July 2001, 9, <http://www.unhabitat.org/cdrom/governance/html/ipsc.htm>.

⁴⁵ “Tools to Support Participatory Urban Decision Making,” Urban Governance Toolkit Series, United Nations Centre for Human Settlements (UN-HABITAT), July 2001, 9, <http://www.unhabitat.org/cdrom/governance/html/ipsc.htm>.

⁴⁶ GTZ is a government-owned corporation for international cooperation, founded in 1975, whose mission is to “positively shape the political, economic, ecological and social development in our partner countries, thereby improving people’s living conditions and prospects. Through the services it provides, GTZ supports complex development and reform processes and contributes to global sustainable development.” <http://www.wiram.de/toolkit/index.html>

⁴⁷ “Partnerships for Sustainable Development: Inputs for International Cooperation,” Gesellschaft für Technische Zusammenarbeit, June 2002, 37.

⁴⁸ “Partnerships for Sustainable Development: Inputs for International Cooperation,” Gesellschaft für Technische Zusammenarbeit, June 2002, 35.

country, and thus in turn, how these “country-level relationships shape the dynamics of international trade and business competition;”⁴⁹

- **Systemic Competitiveness** is an analytical framework to understand the determinants of successful industrial development. It has initially been developed with a look at national systems, but it has proved highly useful for the analysis of local and regional economies;
- **Five forces**, another Michael Porter tool, which is useful in uncovering competitive options and threats to individual branches of industries;
- **Benchmarking**, which addressed only sectoral benchmarking currently, but more specific material will be added as tools;
- **Transaction cost analysis** - useful in determining the efficiency of government efforts to create a favorable environment for business;
- **Value Chain Analysis** is the next tool to be added for groups to use; it addresses the entire production process from the final customer back to the first inputs. They exist at the regional, national or international level. It is a complement to cluster perspectives, in particular as it addresses the integration of local clusters into larger economic systems.
- **Cluster Development** is a specific issue within the larger framework of local and regional economic development. It addresses highly specialized agglomerations of firms with a relatively strong level of interaction and a strong set of supporting institutions. It has received a lot of attention for some time since it seems to permit SMEs a good opportunity to increase competitiveness and access global markets;
- **Participatory Appraisal of Competitive Advantage** is a rapid appraisal methodology, which can be employed to initiate or assess LED initiatives;
- **Regionalized Structural Policy** is a concept which has been utilized in Germany to stimulate decentralized economic promotion initiatives, i.e. to stimulate local/regional stakeholders to formulate development concepts rather than waiting for higher-level government to become active;
- **Perspective Incrementalism** was the underlying concept of the IBA Emscher Park, a regional restructuring initiative, which was executed in the northern Ruhr Valley between 1989 and 1999. It builds on the recent evolution of regional planning thinking;
- **Public-private partnerships** – a new and broad field is opening for cooperation between the private sector and public sector or technical cooperation. PPPs represent a new approach - through these partnerships, private partners’ skills are harnessed for technical cooperation purposes. “The GTZ regards the private sector – with its investments, technology transfer and creation of modern workplaces – as an important partner along the way to sustainable development. In the wake of the new market orientation of many economic structures, and with expanding privatization of former state enterprises, the GTZ puts its considerable capacity at the service of private companies as an able partner for long-term enterprise in developing countries.”⁵⁰

As a part of GTZ’s technical assistance and materials, the above concepts are provided as content background for practitioners, as well as a tool they call the ‘*Hexagon of Local and Regional Economic Development*.’ They have organized main LED concepts in this visual. As they state, it “is useful because it helps to memorize the key issues.”⁵¹ The Hexagon lists elements of LED to monitor, implement and analyze. It as such is therefore not necessarily a project planning cycle, but of interest as it provides additional resources for

⁴⁹ Carolyn McDermid, Robert Guethler and Lee Hanson, “Michael Porter’s ‘Diamond of National Competitive Advantage’: Origins, Main Concepts, Critical Considerations,” 1, http://www.cbpa.csusb.edu/lhanson/Mgmt_490/porter.doc.

⁵⁰ “Partnerships for Sustainable Development: Inputs for International Cooperation,” GTZ, June 2002, 50.

⁵¹ “The Local/Regional Economic Development Toolkit – The Hexagon of Local and Regional Economic Development,” Gesellschaft für Technische Zusammenarbeit, <http://www.wiram.de/toolkit/index.html>.

thinking about and implementing LED, such as, “SME, investment and entrepreneurship promotion;” ecological and social development *with* economic development, and “...motivation, implementation and reflection.”⁵² Therefore, the GTZ framework provides solid economic theory and background as well as issues and strategies in LED for planners to utilize.

The next section reviews the LED strategies employed in the case studies (Kigali and Livingstone), by utilizing the CDS model. In the subsequent section, the strengths of these three models are integrated with lessons learned from field visits to Rwanda and Zambia.

⁵² “The Local/Regional Economic Development Toolkit – The Hexagon of Local and Regional Economic Development,” Gesellschaft für Technische Zusammenarbeit, <http://www.wiram.de/toolkit/index.html>.

Case Studies (Sections IV. and V.)

Although the CDS model is not a wholly adequate tool for the development of LED strategies, its five-step process does provide a linear framework in which to review case studies. In January 2003 field visits in Kigali, Rwanda and Livingstone, Zambia were conducted. The purposes of the visits were to take an in-depth look at the role of participation and partnership in LED strategy development and investigate the implementation progress since the strategies were created. The cases are different in their approach and findings but are similarly useful in illustrating the challenges faced when developing strategies. Both apply the data gathered from the field visits to the more normative practice of LED. The Kigali case focuses on the management challenges during the process of developing a strategy. The Livingstone case focuses more on the local government's resource constraints and the economic environment and opportunities. Both cases are framed utilizing the CDS model.

IV. Case Study: Kigali, Rwanda

A. Background

Rwanda's 1994 genocide decimated the country's economic base and severely impoverished the population. Nearly all private and external investment stopped for a number of years following the genocide. In addition to the setbacks of 1994, Rwanda has many impediments that must be overcome in order to develop economically and is ranked 152 among 162 countries in the 2001 Human Development Index.⁵³ Currently 10% of the population accounts for 60% of the formal economic activity. There is little industry and few natural resources.

In spite of the challenges, Rwanda has demonstrated a great deal of promise in recent years. Since 1995, the Rwanda's economy has been one of the fastest growing in Africa. Real annual GDP growth averaged 8.2% from 1995-2001, and is forecast at 7.5% for 2002, more than double the sub-Saharan African average.⁵⁴ Today, donors and investors have slowly become more confident in the political security of Rwanda and plans for development and investment are being made quickly at all levels. Donor aid represents nearly 90% of national capital investment and a large portion of the operating budget.

In terms of urban development, Rwanda is one of the most rural based economies in Africa with 92% of the population living in rural areas. While the urban centers are still comparatively small, Rwanda has a unique opportunity to direct the development of urban areas in terms of equitable service delivery, environmental management, economic growth, as well as spatial and resource management.

The City of Kigali, like the nation of Rwanda as a whole, is in the process of overcoming severe development setbacks due to the genocide. Kigali is an extremely over-populated city. In the early 1990's census data estimated the city's population to be 235,000 people. Today it is estimated at over 600,000 residents. The development of the city in the past ten years has been unplanned and haphazard resulting in increased crime rates, inefficient use of resources and environmental degradation. This trend is not expected to slow. It has also been estimated that by the year 2020, 60% of Rwanda's population will be urban. The large growth of the city is partly due to the return of refugees from Congo, Tanzania, Burundi and Uganda after the 1994 genocide. Many rural people have also migrated to the city because they feel more secure after the genocide and in search of economic opportunity. This population increase has caused a drastic increase in the demand for housing and other urban services.

While Kigali represents 10% of the population of Rwanda, it accounts for 60% of the formal economic activity. Approximately 37% of the population is engaged in agro-husbandry, 23% in the informal sector, 13% in the public sector, 8% in the private sector, 5% in the commercial sector and 14% in others. Even with the high percentage of economic activity relative to other areas, local officials are strained to find

⁵³ "UNDP Human Development Report," 2001, <http://folk.uio.no/sveinsj/UNDPtabeller.pdf>.

⁵⁴ "Rwanda Country Profile," Institute for Security Studies, <http://www.iss.co.za/>.

the revenue base needed to meet the infrastructure and service delivery needs of this expanded population. Revenue into the City of Kigali currently comes from business licenses, rental taxes, property tax, land management taxes and titles—70% of the revenue comes from land and property administration. There has been a recent revision of tax rates, which has led to an increase in tax collected.⁵⁵

B. Kigali Economic Development Strategy

In March 2001, Rwanda's central government put in place a policy of fiscal and administrative decentralization to municipal levels of government. In order to support this effort, in April 2001 The Cities Alliance supplied funding to the City of Kigali to undertake a participatory economic assessment and strategy development process. It was an attempt to help the municipal level of government to set economic priorities for the city that would have long-term effects on the health and well being of the citizens of Kigali. The goal of the project was to (1) support Rwanda's largest city, Kigali, in maximizing its economic potential in order to increase income and job opportunities to help lift its population out of poverty, and (2) support the fiscal decentralization process being undertaken by the Government of Rwanda by providing the tangible assessment of an urban revenue base.⁵⁶

1. Mobilizing Stakeholders

Soon after the grant for the Kigali Economic Development Strategy (KEDS) was received, Institute of Public Administration (IPA) consultant, Ernie Leonardo was contracted to help facilitate the process of developing the Kigali Economic Development Strategy. Ernie Leonardo worked closely with Kigali government officials to vision for the strategic planning processes. "The team that put KEDS together sees it as both a process and a roadmap. It's a process in that it brings together the public and private sectors to decide what the future economy of Kigali could and should be. By roadmap, I mean it's a comprehensive look at the economy, with directions on how to move forward on the city's vision of its future economy."⁵⁷ Joseph Bahenda who had been employed at the CoK Office of Finance was identified to be the full time KEDS coordinator and was accountable for galvanizing the effort.⁵⁸ With the input of Ernie Leonardo, Joseph Bahenda constructed a list of potential collaborative committee (CC) members. The inclusion of private sector, potential investors and financial institutions, and poor communities, including representatives

⁵⁵ "Kigali Economic Development Strategy," August 2002, <http://www.theipa.org/publications/keds.pdf>.

⁵⁶ "Cities Alliance/ KEDS Grant Proposal," 26 April 2001.

⁵⁷ "The Kigali Economic Development Strategy: A Conversation with Ernie Leonardo," Institute of Public Administration, Fall 2002, http://www.theipa.org/publications/ipareport_fall2002_kigali.pdf.

⁵⁸ Joseph Bahenda is currently the Director of the Office of Finance for the CoK and the immediate supervisor of Tharcisse Dusabe who is the current KEDS coordinator.

of poor women was a Cities Alliance requirement. The mayor made minor changes. The CC was approved by city council and became the central body engaged in developing KEDS.

Analysis

In any project, the number of stakeholders, the diversity of representation and their degree of their participation must all be balanced. Overall, KEDS coordinators clearly made a concerted effort to include stakeholders appropriately. The CC demonstrated diverse representation from public and private sectors, civil society as well as central and local government. Members of the committee included representatives from local area community development committees (district level associations of citizens engaged in the informal business sector), the Rwanda Association of Banks, international NGO's, an association of indigenous women's NGOs, The UNDP, the World Bank, The National Ministry of Finance and Planning, the Rwanda Federation of the Private Sector, the National Coordinator of the Poverty Reduction Strategy Paper and many others.⁵⁹

- Number of Stakeholders

There were between 20 and 60 people in the room for many of the KEDS meetings. During the course of interviews with stakeholders, differing views were expressed about whether this was a manageable and appropriate number of people. Joseph Bahenda expressed that everyone who was involved in the process understands its genesis and purpose. But for those who were not participants, it takes a long time to help them to understand the important role that the city would like KEDS to play in future development. The inclusion of Care International as the INGO representative is a good example. The CARE representative is now working with the KEDS coordinator to allocate funding for a project under the newly formed Office of Economic Development (OED). Had other INGOs been involved at the same level, there may have been more interest for partnership. Given more time and money, Mr. Bahenda would have liked to structure the process to include more stakeholders from each sector.

- Degree of Participation

One of the greatest challenges of KEDS, or any participatory process, is finding venues to involve stakeholders and keep them involved. The degree of participation ebbed and flowed during the KEDS process. Some stakeholders proved to be not completely engaged or disinterested by not sending representatives to meetings. Because of the rapid pace of the project and the lack of influence that the coordinators had over these particular stakeholders, there was little that was done to try to revive their interest. While USAID was the funder of the project, for example, the country mission of USAID has not provided the support needed to facilitate the KEDS process, particularly during the implementation phase.

⁵⁹ See comprehensive list of KEDS Collaborative Committee in Appendix 2.

This is due, in part, to the defined priorities of USAID/ Rwanda whereby emphasis is placed on rural development. Other organizations participated as institutions, but sent different individuals to different meetings of the KEDS. This negatively impacted consistency, group cohesion and flow of ideas during the process. These problems undermined the effort to build a strategy as a process with a set group of stakeholders.

- Diversity of Representation

The term, ‘the poor’ was used by the KEDS planners as a very general term for a wide array of stakeholders. Antwani Kiroha, the representative from a district community development committee, and the “representative of the poor” to KEDS, is a middleman who buys and sells used cloths on the wholesale market. Economically, he was one step above the majority of the population of Kigali who are informal sector retailers. These retailers may have very different priorities than someone at Mr. Kiroha’s level— not to mention the populations living in the more rural districts of Kigali. It was clear that the city needed to expand their definitions of poor populations and include representatives from populations that would have different economic priorities.

Additionally, there are many vulnerable and marginalized populations in Rwanda that should have been included in the process. Youth were not represented on the committee. Nor were people living with HIV/AIDS. Another significant marginalized population that has not been included in the KEDS development are the survivors of the 1994 genocide. The participation of IBUKA, the association of genocide survivors would have been an important contribution to the process. These are large and marginalized populations that have an impact on and are affected by the economic development of the city.

While the city was sure to include officials such as representatives from the mayor, sectoral participation within the government structure was limited. There are departments in the city government that should be more closely linked with the KEDS process. These include, for instance, the Director of Physical Planning responsible for the production of the Master Plan—the urban development plan for the city of Kigali. It is clear that KEDS (the economic vision for the city) and The Master Plan (the spatial/ infrastructure vision) are not well integrated. There was very little ‘sectoral’ involvement (i.e. health, education, transport).

Furthermore, there was no opportunity for ‘democratic participation’ in its broadest sense. Unlike other processes that encourage participation, KEDS coordinators did not hold open town meetings or conferences. By limiting the participating actors to the individuals chosen by the local government, there was very little opportunity to identify conflicting objectives. Having an open forum would have enhanced a democratic process not only in increasing the diversity of views, but it would have also raised awareness of the general public to local government initiatives.

2. Analysis & Vision

In May 2001, the CC invited bids to various academic and research institutes for the creation of a holistic assessment of the socio-economic conditions in and around the city of Kigali. The Kigali Institute of Science and Technology (KIST) won the bid and contributed a significant amount of their own resources to the assessment. The research:

- Assessed the economic sectors for opportunities/ constraints to growth;
- Assessed factors affecting economic growth and influenced by government;
- Reviewed existing sources of the CoK's revenue with regard to rates and mechanisms of revenue collection;
- Identified approaches required by CoK to expand the economy and enhance revenue capacity.⁶⁰

The research resulted in a five hundred-page document that reviewed various formal and informal sectors of which approximately 80% was derived from original data collection. KIST also sought expertise in some sectors from near-by countries such as Zambia, Malawi and South Africa. The KIST team produced a comprehensive list of nearly two hundred recommendations for economic development. During the development of KEDS, the interdisciplinary KIST research team presented their findings to the CC and also participated as stakeholders and participants in the prioritization workshops.

Analysis

The 'analysis and visioning' phase of the KEDS strategy could be considered one of the greatest achievements of the KEDS process in that it produced previously lacking concrete information to the city government for assessment of economic trends and prospects. Overall, most stakeholders interviewed felt that KIST's research was carried out with consistency and well analyzed. The work of KIST is a good example of partnerships. KIST saw the project not only as beneficial to the city, but also to the institute, as they increased their visibility and expanded their research. Indeed, the process has enabled them to integrate their research with the priorities of the city and has established KIST as key stakeholders in the development of KEDS. Since KEDS, the city and KIST have been able to develop ideas for future partnership. KIST is a lead institution in the development of appropriate low-cost income generating technologies. Since the provision of training, technical assistance and access to start-up and working capital are implementing activities in KEDS, the city is considering partnering with KIST to utilize the appropriate technologies in the development of micro-credit businesses.

There were some challenges in this phase as well. As is mentioned in the CDS model, one of the greatest challenges during this phase is finding the right degree of comprehensiveness. Planners need to be conscious of what the materials they are collecting will be used for. There is a thin line that must be balanced:

⁶⁰ Research Plan for Kigali Economic Development Strategy (KEDS), Terms of Reference for Research Consultants.

lack of breadth of research and assessment can create bias and predetermine the selected approaches and sectors. Conversely, too much detail can cause the stakeholders to feel overwhelmed and unable to process the information and make appropriate decisions. In the opinion of a former KEDS coordinator, the comprehensiveness and length of the KIST research was overwhelming for many of the members of the CC who are practitioners, politicians and business-people with time constraints and limited understanding of academic research.⁶¹ The research results had to be summarized in order for the committee to better utilize the findings. Even stakeholders who felt that the research was overly comprehensive could still identify areas that they felt were important and eliminated. It should be noted here that the level of comprehensiveness also depends on the history of the city and nation. In Kigali, where the population has tripled in a few years, socio-economic factors have rapidly changed. There have been no formal studies of the economic environment since before the 1994 genocide. There was little information to draw upon. In the case of Kigali, with an emerging, newly formed government, a comprehensive strategy made sense.

3. Strategy & Action Plan

Shortly after the KIST research was presented to the CC, Joseph Bahenda and Ernie Leonardo rewrote the recommendations of KIST into a comprehensive list of strategies to be considered by the CC. During the prioritization workshop, participants were divided into two groups. Each group prioritized strategies in terms of (1) economic factors that the local government could influence and (2) sectors that the economic development strategy could target.

Economic factors that the local government could influence to affect economic growth. This group ranked the strategies in terms of the degree of influence that the local government could have in order to generate economic growth. Each strategy was given a score in reference to each of the following: ability to create jobs, ability to expand the tax base, potential to generate spin-off, ability to leverage funding, ability to import income. Scores were added and the strategies were then ranked accordingly. The factors that were determined included the following: business environment, infrastructure investment, labor, land and capital.

Sectors that the strategy could target. This group considered both the formal and informal sectors that the KIST researchers had reported on. A matrix was created that prioritized the strategies in each sector in terms of (1) the potential to achieve economic growth and (2) the importance of local government involved (e.g. the ability of the government to advance the strategy). (See Table 2)

⁶¹ Immaculae Habiyambere, Personal Interview, January 2003.

		Potential of strategy to achieve economic growth		
		Low	Medium	High
Importance of Local Government Involvement	Low			
	Medium			
	High			

Table 2: KEDS Sector Strategy Prioritization Tool⁶²

Once priorities had been set, the KEDS team wrote the first draft of the strategy and presented it to the CC. Once their changes had been made, the document was refined and presented to the City Council and the Executive Committee of the Mayor who approved it in April 2002. That same month, the Cities Alliance funding expired and a project report was sent to the funders.

The main goals were to “(1) build a foundation to compete in the global economy in the future and (2) to expand job opportunity to reduce poverty now.” The main objectives under the first goal were:

1. Organizing for economic development;
2. Strategic infrastructure investment;
3. Expanding Education and job opportunities;
4. Land Reform;
5. Expanding Access to capital.

The targeted sectors under the first goal included:

1. Industry including Agri-business;
2. Tourism and hospitality;
3. Information technology;
4. Construction.

The second goal, “expanding job opportunities to reduce poverty now” has three objectives:

1. Enhancing women’s capacity to participate in the economy;
2. Growing small and micro-business;
3. Preparing street children for jobs.

Under each objective there are between five and fifteen strategies which are called “implementing activities” in the Action Plan document of the KEDS strategy.

Analysis

Interviews revealed that stakeholders were very positive about the prioritization workshops. The representative of PROFEM for example commented that it was, “The first time that the local government

⁶² Ernie Leonardo, Personal Interview, 11 April 2003.

had asked for our input and cared about what we had to say.” They felt that the process included lively and animated debate and discussion and encouraged participation. The process was timely, however. With over one hundred strategies to consider, the CC spent much time and effort to eliminate the least important and prioritize the rest. The overarching goals of KEDS were well thought out and well defined.

The most apparent failure of the KEDS during this phase of the process was that the final strategy did not, as the WBG model encourages, “outline specific objectives growing out of the goals which included time constraints and measurable outcomes.” The implementing Action Plan was an attempt by the coordinators to prepare further details regarding each implementing activity in KEDS and was written after the strategy was approved by the city council. There is no prioritization of strategies and the implementing steps for each activity are vague. Nor is there any funding timeline.

At first glance, this seems like a glaring omission. However, the original KEDS draft did, in fact prioritize strategies. In the final document, the ranking was omitted. The local government rightfully recognized that prioritizing objectives would limit their ability to solicit funding from donors. Rather than a failure of local government capacity, this situation signals a major failure on the part of the donor community to buy into the priorities set forth at the local level. Indeed, local officials were able to cite examples when donors came with their own priorities that would have conflicted with the original ranking of KEDS. Furthermore, as Ernie Leonardo points out regarding prioritization in Kigali, “In a city that needs everything, every idea is important.”⁶³

Last, some of the implementing activities are outside of the purview of the city. For instance, one activity states, “Plan/design/build required airport infrastructure and facilities.” While the CoK may play a part in this process, by taking ownership of the activity, they have already lost their control of accomplishing the objectives of the strategy. This sets them up for failure before they begin.

4. Implementation

Since the release of the KEDS strategy in August 2001, incremental progress has been made on a few of the implementing activities identified in the document. One of the most significant recommendations of KEDS was the establishment of an Office of Economic Development (OED). The primary task of this office would be to maintain relationships and foster new relationships as an outcome of KEDS, promote public-private partnership and investment, facilitate business trainings and other income related service to the general population. Essentially, the objective of the OED is to implement the KEDS strategy. The OED coordinator at the time of the strategy completion was Immaculae Habiyambere who has since been

⁶³ Ernie Leonardo, Personal Interview, 11 April 2003.

promoted to Executive Secretary to the mayor. She secured funding from USAID in order to create a six-month work plan for the office. The work-plan outlined four priorities:

1. Establish the Kigali Office for Economic Development;
2. Conduct a big campaign on the findings of the socio-economic study and the economic strategies' recommendations to engage them in the process;
3. Assess, prioritize and prepare projects from key strategies of KEDS and, with Kigali City authorities, identify and pursue donors funding sources;
4. Propose and implement an organizational and institutional development capacity of Kigali City for it to support the changes proposed by the economic strategy and growth of the city.

Analysis

At the point when KEDS was circulated and the funding expired, many of the stakeholders were optimistic about the implementation of the strategy and felt positive about the participatory process. Because the Action Plan was vague, however, next steps were not clear.

The “implementation phase” of the project has not gone as smoothly as previous phases. The development of the OED has been extremely difficult. Currently, the coordinator has an office and a computer. But he is alone in trying to direct the OED and make it a priority. There are a number of reasons that can be identified for this failure:

- The previous KEDS coordinators (Immaculae Habiyambere and Joseph Bahenda) were promoted within the city government.⁶⁴ They have new and sometimes conflicting priorities. They are spread thin with a variety of priorities and initiatives.
- The new coordinator, while well intentioned, does not have the same networks and relationships with the CC and other stakeholders as the previous coordinators had. The previous coordinators have not supported him in his new position because of time constraints and lack of resources.
- The mayor utilizes the resources of the OED to write funding proposals as they emerge, regardless of the sector and has not demonstrated a clear vision or commitment to the OED. It is important to balance the flexibility and creativity of the mayor's leadership style with the need to maintain a focus for the OED.
- The funders, primarily USAID, have pared down their interest and commitment to the project. Essentially, their project cycle came to an end when the document itself was complete. However, the six months following the document completion seem to be critical time in the success of a strategy. Now is a critical time for funders to give both technical advice and support as well as financial assistance. If this were done, their resource investment over the course of strategy development would have seen a greater return.
- There is no timetable or clear priorities for the OED.⁶⁵
- The city has limited resources—both human and financial, to spend on developing the OED.

⁶⁴ Immaculae Habiyambere was the KEDS coordinator after Joseph Bahenda and preceding Tharcisse Dusabe. She is currently the Executive Secretary to the Mayor and is the direct supervisor of Joseph Bahenda.

⁶⁵ While meeting with the current KEDS coordinator, I encouraged him to decide on «small wins» - projects that the OED could accomplish that demonstrated its role in fostering partnerships and providing opportunities for jobs and income in the short term. For instance, Care International has expressed interest in funding a project of the OED. The coordinator could write a proposal for a business training program, for instance. The Association of Banks has expressed interest in this kind of training.

- Donor's priorities take precedence over planned city strategies. Where donors have expressed interest in supporting a project, city officials develop a proposal.
- The coordinator must be able to raise funds to justify the existence of the OED. But he is in some respects caught in a catch 22. In order to raise funds, he needs some capacity in his office.

The coordinator must develop a more holistic action plan for the OED as well as organizational structures, budgets and missions and objectives for the office. They would like to develop a fiche de Project (database of projects) so that donors and investors can access projects that match their priorities to the city's priorities.

5. Monitoring & Follow-up

To date, there has been no formal attempt to review the KEDS within the local government. There have been, however, assessments and independent evaluations of the project funded by USAID.

Analysis

Had this "reviewing" phase been written into the project, it may have reignited an effort to think more holistically about economic development of the city and the development of the OED. Because the mayor is pressed to show concrete success during his term, his efforts go toward finding funding in the short term rather than considering how to develop the capacity to implement many of the activities in the KEDS strategy. All of the implementing activities outlined in the strategy have actions to be taken within 18 months of the development of the strategy. Yet, almost none of these actions have actually come to fruition.

Despite minimal implementation activities, this field visit did facilitate some level of review and reflection on the part of CoK officials. While the exact activities have not been carried out and the strategy has been less successful as a roadmap, it has been useful as a process. It has enabled the city to demonstrate their capacity to donors and investors. Joseph Bahenda found KEDS to be very useful to him both in his professional development as well as to the city in their ability to prioritize economic development strategies. Joseph stated that the process has helped him to integrate interests and see many solutions to problems. It enabled him as a city official to think more holistically about problems and consider impacts and solutions from a variety of angles and perspectives of different sectors. He claimed that the single most important outcome of KEDS was that they were able to convince investors and donors that they have a roadmap for the city. Before KEDS, he says that donors would ask for city plans and they had nothing to show. They can demonstrate that they:

- Have capacity in city government to implement projects;
- Have set priorities that are well defined and fit into the larger economic development strategies for the country;
- Have worked collaboratively and involved stakeholders.

In all, Joseph felt that they have a better working relationship with central government, investors, and donors because of KEDS.

It is difficult to define concretely what the outcomes of the KEDS project has been. A challenge has been determining how to maintain relationships and transform them into useful partnerships around particular implementing activities. Many of the CC representatives stated that they were involved in the process but had little understanding of what the KEDS coordinator was currently doing and whether the strategy was ever used.

It is evident that the greatest contribution of the KEDS process is that it has given the local government officials who participated a better understanding of how to assess the economic climate and how to plan for the future. It gave them the much-needed confidence that they had a vision for the city and had gone through a participatory process to reach that vision. Investors and donors are pouring into Kigali and have been impressed with the way that city officials are able to articulate economic priorities. But they are seemingly unaware of (or disinterested in) the KEDS project. The degree to which KEDS directly or indirectly influenced the decisions of investors and donors is difficult to measure. Still, the projects and investments are important developments for the city economy to varying degrees.⁶⁶ That stated one of the greatest difficulties was that the officials had a very vague understanding of the type of partnerships that could be forged around projects and how to foster the development of those partnerships.

⁶⁶ See Appendix 2 for a sampling of donor projects and investments cited by the KEDS Coordinator as examples of investment that would not have been possible without the development of KEDS.

V. Case Study: Livingstone, Zambia

A. Background

Zambia, though it is significantly larger in size than Rwanda (752,000 square km versus 26,340 square km) has only less than two million more people. The population of Zambia in 2001 was estimated at 10.3 million, with the urban population comprising approximately 40% of the total population. Zambia's GDP in November 2002 was estimated at \$3.78b, a small increase from the prior year (3.65%) but less than the GDP in 1981 (4.0%).⁶⁷ Though the manufacturing (specifically textile and clothing) and the mining economies dominated the Livingstone economy during the 1970s and 1980s, the overdependence on these sectors has idled the financial base and driven up unemployment. In 1981, manufacturing represented 19.3% of the GDP but only 11.2% in 2001. The manufacturing and mining sectors have been irreversibly affected by regional competition and decreased demand, respectively.⁶⁸ The governments, both central and local, were unable to accommodate the immediate and long-term implications of the country's faltering in these two sectors. More specifically, per capita income fell by an estimated 5% each year between 1974 and 1990.⁶⁹

During the past ten years, the central government has made an effort to move beyond mining and manufacturing and diversify the Zambian economy.⁷⁰ As a whole, Zambia's three largest challenges include economic diversification to reduce dependence on mining, development of the agricultural sector and management of the HIV/AIDS pandemic. All three are also representative of the development challenges and opportunities for partnerships within the city of Livingstone. Livingstone, unlike Kigali, is not the capital city, but it is another rapidly growing urban center with significant growth potential.

The crucial impetus for economic diversification underscores the value of arable land and agriculture throughout Zambia. The agricultural sector, in contrast to the manufacturing, grew between 1981 and 2001, from 17.0% to 22.0%. Within Livingstone and the surrounding district, there is ample farmland, but most farmers in the area are small-scale farmers, cultivating land solely for day-to-day needs. The Poverty Reduction Strategy Paper for Zambia (May 2002) emphasized identical trends for the future:

A growing economy that creates jobs and tax revenues for the state is a sustainable powerful tool for reducing poverty. This growth should as much as possible be broad-based, thereby promoting income-generation, linkages, and equity... On several grounds, agriculture in Zambia combines the virtues of growth and equity and it is in this regard that enhanced agricultural productivity is being given the highest priority under this PRSP. Zambia has abundant arable agricultural land and supportive agro-ecological zones, which combined with abundant human resource base, can propel increase in output. On equity, it is noted that the poor in Zambia are predominantly in agriculture. If the sector grows and measures are put in place to include the poor in this growth, poverty will be reduced. The creation of conditions that enhance long-term innovative improvement of the productivity of

⁶⁷ "Country Report – Zambia," *The Economic Intelligence Unit*, November 2002, 5; "Zambia at a glance," The World Bank Group, 23 September 2003, http://www.worldbank.org/data/countrydata/aag/zmb_aag.pdf.

⁶⁸ "Country Report – Zambia," *The Economic Intelligence Unit*, November 2002, 11.

⁶⁹ "Countries: Zambia," The World Bank Group, August 2001, <http://www.worldbank.org/afr/zm2.htm>.

⁷⁰ "Countries: Zambia," The World Bank Group, August 2001, <http://www.worldbank.org/afr/zm2.htm>.

agricultural resources, particularly smallholder farmers' land and labour is, therefore, considered crucial.⁷¹

Recognizing that agricultural development is a critical component of the PRSP and given the number of smallholder farms, the capacity and potential for mobilization and entrepreneurship among farmers exists within and around Livingstone. Unlike other regions in Zambia, Livingstone is endowed with a constant source of water: the Zambezi River. Poor annual rainfalls, therefore, are less of an obstacle for Livingstone farmers.

The last nation-wide challenge – HIV/AIDS – is particularly acute around Livingstone, which has the highest district rate of the disease (31%, according to central government figures) in Zambia.⁷² The statistic is based on rates of infection in neonatal clinics around Livingstone and, consequently, has been criticized as a poor measure of HIV because the sample is not representative of the population. It also fails to account for border towns like Kazungula, which borders Namibia, Botswana and Zimbabwe, and hosts a steady flow of truckers, raising questions about how to educate and inform people who are just passing through. The high rate of HIV leaves uncertainties about the size of the labor pool and the coming loss of economically active residents in the coming years. In addition, the efficacy of preventive measures is suspect because of cultural resistance and the absence of strict Council enforcement of current laws concerning the closing time of bars and underage drinking in local establishments.

B. Livingstone Economic Development Strategy

Acknowledging the urban growth realities in both Zambia and Livingstone, responses to urbanization and sustainable, participatory economic development in Livingstone will be a function of tourism, greater local business development and the agricultural sector. As projected, tourism and agriculture could be sustainable economic complements in the city, especially given the political and economic instability in neighboring Zimbabwe. The macroeconomic context, which includes a weak currency and a weak revenue base, underscores the charge for decentralized economic initiatives and leadership from the local government authorities (the Livingstone City Council or LCC). During the 1990s, the central government introduced several reforms that directly impacted local economies and councils, including reduced funding to local authorities and the selling of Livingstone's stock of council houses.

In addition to the decline in the Council's assets, the LCC's revenue base and resources are further encumbered by problems of liquidity, outdated valuation rolls and years of uncollected tax payments. People are not paying taxes, and the LCC does not have a proper enforcement mechanism to pursue and reconcile with its debtors. To date, only a small percentage (roughly 5%) of businesses in Livingstone are paying their

⁷¹ Zambia Poverty Reduction and Strategy Paper (PRSP), 2002, 11.

⁷² The current HIV prevalence rate in Zambia, as a whole, is 20%.

rates (property taxes) to the LCC. Each year, the strain of uncollected payments worsens Livingstone's balance sheet.

The LCC staff have also not been paid since the early months of 2002, and, without a secure funding source, the LCC has been unable to provide its residents and businesses with the services traditionally associated with a local government (water, refuse collection, street lights, street signs, etc.). The LED strategy is intended to strengthen the fiscal capacity of the LCC and to facilitate local business development. Notwithstanding the expenditure outlays for staff and services, the funding challenges are aggravated by a dated accounting system. The LCC relies on manual accounting records, including ledger cards that can be lost or tampered with, reinforcing that manual receipting does not permit a strong form of financial control. The task of revenue collection has been outsourced in Lusaka; outsourcing has been recommended in other large cities preparing economic development plans, including Ndola and Livingstone.

1. Mobilize Stakeholders

The grounding of the LED process and aggregation of stakeholders in Livingstone, Zambia unfolded over the course of a year, with two primary stages: the USAID sponsored Strategic Planning Workshop (April 2002) and the formal LED document – “Local Economic Development Strategy and Environmental Analysis for the City of Livingstone” (November 2002).⁷³ The former overlaps with the second step in the World Bank Group's CDS cycle. Each represents an attempt to bring residents into the discussion and the planning process. Over 50 individuals convened for the April planning workshop intended to broadly shape the direction of the LCC and the city of Livingstone. Consequently, in contrast to the KEDS, Livingstone's LED focus has been on both the LCC and the overall economic growth potential of the city. The result of the weeklong workshop was a plan that “seeks to maintain a balance between the ambitious desire for large projects that require external financing and immediate actions that may be realized through the mobilisation of existing resources.” The latter objective – drawing on local resources to bolster the economy – gave the LCC options independent of external financing or management.

By providing a detailed economic assessment, the strategy in the LED document intends to mobilize political actors and constituents, as both stakeholders and partners, for economic growth and diversification in Livingstone. Prior to preparation, information for the LED strategy was gathered through several channels, including more than 60 focused interviews. Data was collected at the local, regional and national level in order to situate different actors and stakeholders within the LED strategic planning. The document also captures the ambitions and priorities of both the USAID Strategic Planning Workshop (April 2002) and the World Bank SEED Project. The two donor-supported efforts as well as the overall long-term strategy

⁷³ “A Shared Vision and Strategic Plan for the City of Livingstone,” 7–12 April 2002 and “Local Economic Development Strategy and Environmental Analysis for the City of Livingstone,” November 2002.

emphasize a multi-sector approach, with public and private partnerships as the foundations for growth potential.

Analysis

- Number of Stakeholders

Recognizing that the human element LED encourages is the inclusion and empowerment of local people, the LED organization process was an effort to use the community for primary data collection, analysis and decision-making. The concrete stakeholder participation of the April planning workshop differed from the fact-finding through key interviews prior to the compiling of the LED document. Differences aside, both forums aimed to include a manageable number of stakeholders, all of who were defined as critical voices in the general LED forum. The April workshop included 58 participants, including: Mayor Fred Mwendapole; 11 Council members; representatives from provincial and national agencies (National Airports Corporation, Zambia National Tourist Board, Zambia Revenue Authority, to name a few); the current head of the Zimba Livingstone Farmers' Association); and various members of the business community.⁷⁴ The representatives from different levels of government were tied to specific economies within Livingstone rather than also having a central government representative who may monitor LED activities around Zambia. (This may be a weakness at the central government level, i.e., not having an individual or office that coordinates or monitors LED activities in Zambia, but several Zambian cities, Livingstone included, have prepared and begun implementing LED strategies. Accordingly, coordination is inhibited outside of any overlap among donors and donor projects that comprise the LED activities in Zambia.)

Although the LED paper was prepared by an external organization (Ebony Consulting International), the evaluation team conducted more than 60 interviews in and around Livingstone. The content of the interviews depended on the interviewee, but aggregated interview data encompassed the LCC (its current responsibilities and exploited capacity as well as its potential, namely in LED), the potential or exhaustion of specific industries in Livingstone and priority interventions. The indirect role of stakeholders in this data collection process could have been complemented by observational data and more local documentation. The paper relies on regional and national documents and regional sources to collect information about factors that affect the Livingstone economy – specifically from several government ministries and research studies on the African Growth and Opportunity Act.⁷⁵ The utility of such wide-ranging sources demonstrates that the Livingstone economy affects and is affected by stakeholders outside of the city limits. Notwithstanding the secondary data sources, the LED stumbles in its analysis of how the LCC is managed; this could have been reconciled with more extensive contact within the Council.

⁷⁴ “A Shared Vision and Strategic Plan for the City of Livingstone,” 7–12 April 2002.

⁷⁵ “Local Economic Development Strategy for the City of Livingstone,” November 2002, 7-8.

- Degree of Participation

The April workshop, in practice, provides a stronger representation of the depth of participation in the formulation of an LED plan for Livingstone, while the LED paper was a more academic exercise that drew information from residents through interviews. The strongest opportunity for participation that the latter provided was via interviews, which were selected by the document's preparers. It is unclear if the interviewees were also used for information and referrals to others who could contribute to the LED analysis. The workshop, which was facilitated by a representative from the US Agency for International Development (USAID) and another from the International City/County Management Association (ICMA), was a stronger forum for mobilizing stakeholders and spreading awareness on LED in Livingstone.⁷⁶ The participant list for the April event was lengthy, but attendees did not cite this as an obstacle to communication during the week. Follow-up interviews were conducted during the January 2003 field visit. Eight months after the workshop, almost two-dozen individuals who attended the workshop still maintained positive initial reactions about and the extent of engagement of the dialogues of the workshop week. The workshop was structured to elicit active participation from all participants, Council and otherwise, even though the principal focus was the capacity of local government.

- Diversity of Representation

Both processes for gathering information to guide LED in Livingstone tried to be as inclusive as possible, which is a critical precursor for partnerships. Workshop participants and interviewees included LCC members, the Council's Advisory Board, representatives from the private sector (especially from the manufacturing, trade and tourism industries), NGOs based in Livingstone, and provincial officials. Like KEDS, though, the Livingstone LED process did not invite participants from the lower ends of the economic spectrum, including smaller farmers and the most economically disenfranchised and therefore disadvantaged. The "poor," particularly those that live in the handful of compounds in and around Livingstone and are directly impacted by the LCC's failing attempts at service delivery, were noticeably absent. Local businesses, such as Sun International Hotels and Finta Dairy, can afford to accommodate their own refuse, not only when the LCC is on strike but also on a regular basis. They have learned not to rely on the local government but were represented at the workshop and in the LED paper, while urban residents who have a greater reliance on public services were not targeted participants.

2. Analysis and Vision

By encouraging dialogue over the course of a week, the workshop created an unparalleled forum for communication and city design between different residents, business owners and local government

⁷⁶ The workshop was funded by USAID and ICMA.

authorities. The LCC’s roles and responsibilities were the focus of the dialogue, namely an analysis of the local authorities and their capacity for service provision in Livingstone. The workshop was designed “to enable the City Council to affirm its current realities, including its gifts and assets as well as its difficulties and to overcome lingering inertia.”⁷⁷ The workshop participants identified five key “community priorities for service delivery,” which include garbage collection and disposal; water distribution and fee collections; road development (drainage, foot paths, street lights, street signs); and social amenities, namely parks and sporting grounds. Correspondingly, Livingstone’s strategic focus areas and milestones were explicated:

- Economic Growth/Creation of a Development Plan;
- Garbage Management;
- Road rehabilitation;
- Capacity Building [of the LCC];
- Different ways of doing things (to ensure ownership, accountability and sustainability through participation and the utilization of varied expertise in development programs).

The LCC, whose functions were also described in detail, was entrusted with the community priorities and milestones. Although funding from the central government was lacking and Livingstone’s revenue base was paltry, the aforementioned objectives/tasks represented initiatives that could be undertaken from within.⁷⁸

The LED paper is more comprehensive in scope at both the assessment and planning level and outlines the major sources of revenue (See Table 3).

	2002		2001		2000		1999	
Source	% Total Budget	% Total Collection	% Total Budget	% Total Collection	% Total Budget	% Total Collection	% Total Budget	% Total Collection
Rates	45.21	53.8	52.93	31.85	38.44	46.99	34.91	45.26
Other income	31.29	16.5	33.4	28.46	45.36	27.52	18.2	16.24
Grants – Water Company	12.98	0	0	0	0.89	0.06	1.92	1.35
National Support	0.73	19.9	0.97	32.29	0.67	7.42	0.47	0

Table 3: Major Sources of Revenue (from LCC year end accounts)⁷⁹

In addition to outlining the multiple, but troubled revenue sources, the LED paper refers to two primary formal assets that the local government has: real estate (though limited) and one investment, its shareholding in the Southern Water and Sewage Company, which has yet to generate any revenue for the LCC. Livingstone has many other assets, though: Victoria Falls, the Zambezi River, a great deal of arable land, many small-scale farms, livestock, and building space (formerly occupied by many of the textile factories that have since closed

⁷⁷ “A Shared Vision and Strategic Plan for the City of Livingstone,” 7–12 April 2002.

⁷⁸ “A Shared Vision and Strategic Plan for the City of Livingstone,” 7–12 April 2002.

⁷⁹ “Local Economic Development Strategy for the City of Livingstone,” November 2002, 11.

due to the waning textile industry in Zambia, as a whole). According to the District Agricultural Office, there are 47 commercial farms in the area, which grow a variety of crops (cabbage, tomatoes, onions, mangoes, and oranges). Crop production in Livingstone and the surrounding area peaked in 1999-2000, but production, on the average, in the two subsequent years dropped due to drought. Livestock has also fallen in numbers because of animal diseases such as corridor and foot and mouth.

Though the potential to invest and expand the agricultural sector in Livingstone exists, the manufacturing economy has ceased to be a windfall for both the city and the whole country. Within Livingstone, as the LED paper describes, Livingstone once had 43 clothing and textile factories and other production activities, including bakeries, milling and furniture manufacturing. During the 1970s and 1980s, these factories substantiated the manufacturing economy in Livingstone, but, during the past 15-20 years, the manufacturing base has slowly eroded, forcing factories to downsize and close. The garment industry was plagued by the rise of second hand clothing throughout Africa. The fate of other factories in Livingstone closely mirrored that of the textile and clothing industries, prompting a general collapse of the manufacturing economy.

Analysis

The April workshop participants were careful to define a mission and mission statement for the LCC. The participants also documented the desired and therefore intended functions of a local government as well as the opportunities, as a whole, for the city. The “strategic areas” for the LCC were then extracted from this information. The workshop seems to have made the jump from normative to milestones for the LCC quite quickly, but the transition is not as seamless as the participants assumed, given the currently exhausted state of the LCC and the absence of participants who would benefit the most from the proposed service activities the Council intended to undertake in the coming months. The priority areas are clear priorities for most urban centers, but the already noted weakness in the diversity of representation undermines the depth of the competitive assessment.

The LED paper’s analysis is more structured and translates from numbers to an economic assessment more clearly than the April workshop. More specifically, the quantitative review provides greater support for the paper. Nevertheless, the LED paper surveys the industries that have collapsed in Livingstone but does not explicitly draw on the interviewees to negotiate the future economic base of Livingstone (given current resources and the associated limitations). Understanding the local reality depends on several analytical tools, which the GTZ framework highlights, including five forces, transaction cost analysis and value chain analysis. The pre-strategy/information-gathering phase of LED is a timely stage to insert these and other urban economic tools such as cluster development that strengthen an assessment but were without chronological placement in the GTZ framework. The tools could be further employed in the evaluation/review phase to measure LED and citizen participation in LED activities in Kigali and

Livingstone (see Section III, p. 19). The systemic competitiveness component of the GTZ framework was quite thorough, but it is not complex enough to anticipate the different partnerships – between residents, business and governments – that would further engage participants beyond the planning process and secure greater community buy-in.

3. Strategy and Action Plan

The LED paper incorporates the challenges and ideas of the general assessment of Livingstone as well as the outcomes of the April workshop that targeted LCC functions and goals. The April workshop participants and the stakeholders identified in the LED paper have a shared vision for the future of Livingstone, which builds upon the shared sense of the city’s vibrancy and resources. According to the assessment, Livingstone has the potential, both resource and human, to reconstruct and revive their economic base. “Capital switching” and investment in fast-growth sectors are recommended, particularly in areas of agro-industry (dairy and timber). Export-processing zones (EPZs), which require that approximately 80% of products be exported, are also discussed, but it is unclear if the government will allow tourism to benefit from such business zones. Currently, tourism-excluded, there are not any businesses within Livingstone that would be applicable for benefits and incentives proposed by such EPZs.⁸⁰ The passage of the US Agricultural Growth and Opportunity Act (AGOA) opens up the possibility for greater access to western markets.

Beyond encouraging economic diversification and enterprise among farmers and other potential entrepreneurs within Livingstone, the tourism sector can be substantially primed for performance growth. The growth of tourism in Zimbabwe over the past 20 years underscores the potential for tourism in Livingstone. The tourism economy, whilst it should never be relied upon to carry the city alone, is central to economic development in Livingstone. The opening of two hotels by Sun International (South Africa) 10km outside of the city center in 2001 demonstrates an investment in Livingstone tourism, in general, as well as a targeted market for tourists.⁸¹ Livingstone’s competitive advantage in tourism is not limited to Victoria Falls. It includes the Zambezi River (kayaking, rafting, river safaris), local wildlife, Mosi-oa-Tunya National Park, and its day-trip availing proximity to Botswana, Namibia and Zimbabwe.

Livingstone, Victoria Falls, and the Surrounding Area

Given its endowments, the Livingstone region and its surrounding areas will remain the prime tourist attraction for Zambia. In enhancing this, priority interventions in terms of infrastructure development will include the following: the rehabilitation of access roads to and within the Musi-oa-Tunya Park and extension of the park; rehabilitation of the airport runway and upgrading to C4 category; and rehabilitation of the airport and city roads. Other

⁸⁰ These incentives include (not exclusively, though) exemptions from: a corporate tax; capital gains tax, import value added tax, excise duty, and withholding tax on dividends and taxes on interest or royalties.

⁸¹ Given the marketing campaigns by Sun International in Europe and South Africa and the price of accommodations at the two Sun hotels, the market is primarily non-Zambian tourists, though I did meet one Zambian couple who were staying at the hotel during my two week stay.

activities will include the establishing of a visitor centre; rehabilitation of the water and sanitation facilities; enhancing personal security for tourists; and signage.⁸²

Tourists can bring new money into the local economy, which is essential for local economic development in any urban center. The tourism economy has been on an almost consistent rise since 1994, contributing 2.1% to the national GDP in 2001.⁸³ Employment growth, which would follow if the demand for local labor increased as tourism grew, would re-circulate money more consistently as well.

Tourism is a critical element in the Livingstone economy, but an overdependence on this sector would undermine the greater objective of economic growth and diversification. Tourism can stimulate other industries, but the city cannot simply wait for firm commitments from foreign investors and the subsequent and complementary demands of the industry. The table below is reproduced from the LED paper and summarizes the competitive potential of different industries in Livingstone and guides the implementation of LED-related activities:

		Competitive Potential		
		High	Medium	Low
Growth Potential	High	• Tourism		• Small-scale sector • Urban agriculture
	Medium		• Agriculture • Trade	
	Low	• Agro-industry	• Construction • Export Manufacturing	• Import substitution manufacturing

Figure 3: Livingstone Development Matrix⁸⁴

The LED-targeted sectors are accompanied by eight proposed priority strategies that are necessary “to meet the objectives of future job creation, economic buoyancy and diversification of Livingstone’s economy.”⁸⁵ The strategies are as follows:

- Strategy 1 - Enhance the local authority’s role and contribution to Livingstone’s LED;
- Strategy 2 - Enhance the revenue and asset base of the Livingstone local authority;
- Strategy 3 - To strengthen and deepen the cluster of existing tourism enterprises;
- Strategy 4 - Maximize opportunities for diversification of the local economy base through promotion of manufacturing;
- Strategy 5 - Maximize development opportunities in commercial agriculture;
- Strategy 6 – Enhance the local skills base of Livingstone;
- Strategy 7 - Productivity and livelihood opportunities in Livingstone’s small enterprise and informal economy; and
- Strategy 8 - Monitor the progress of local economic development in Livingstone.⁸⁶

⁸² Poverty Reduction and Strategy Paper (PRSP) 69.

⁸³ “Local Economic Development Strategy for the City of Livingstone,” November 2002, 36-40.

⁸⁴ “Local Economic Development Strategy for the City of Livingstone,” November 2002, 66.

⁸⁵ “Local Economic Development Strategy for the City of Livingstone,” November 2002, 68.

⁸⁶ “Local Economic Development Strategy for the City of Livingstone,” November 2002, 68-74.

Analysis

The CDS model places an emphasis on realistic plan of action based on a coinciding realistic perception of capacity and commitment. The aforementioned gaps between what was desired, what was planned and what could actually be done by the LCC carried over to the strategy phase. The workshop “built a sense of unity” but did not identify any formal partnerships that would linger long after the momentum faded. Moreover, stakeholder participation was engaged without a long-term plan for sustainability and general maintenance of momentum. The timelines for activity completion were ambitious, especially considering the resource base and the widely acknowledged decline in the LCC staff’s motivation (largely due to having not received pay in many months).

Seven of the eight proposed strategies of the Livingstone LED paper and many of the donor LED models overlook the realities of urban economic bases in African cities. The strategies of the LED paper and the LCC milestones of the April workshop participants assume a much stronger foundation for growth. Many urban economies have been completely wiped out by the collapse of certain industries. In addition, local governments face ever-growing challenges with liquidity and revenue collection. All of these economic realities need to be built into an LED model to realize specific city strategies for growth and greater equity.

4. Implementation

The Livingstone action plan reflects the measured capacity of the LCC to deliver certain services with existing resources and the different sectors identified in the LED strategy. The April workshop codified its five milestones into five action plans that cover the following: implementation activities; how to implement (costs, mechanisms, decisions to be made, etc.); timeline for the beginning and end; and the individuals and/or organizations responsible for each activity. In addition to the intended LCC activities, the LED strategy includes nine proposed projects as key action items to support both the targeted sectors and the eight aforementioned strategies. The project interventions, listed below, are the likely foundations of longer-term progress and opportunities for commercial activity:

- Project 1 - The establishment of a One-Stop Investment Centre, the Livingstone Investment Centre;
- Project 2 - The establishment of a Local Business Service Centre in Livingstone;
- Project 3 - The establishment of a comprehensive tourism development plan for the Livingstone Tourism District;
- Project 4 - Upgrade the Livingstone Trade and Training Institute;
- Project 5 - The development of a reformed revenue collection system in Livingstone;
- Project 6 - Livingstone industrial infrastructure upgrading;
- Project 7 - Urban agriculture support program;
- Project 8 - The development of a green market; and

- Project 9 - Livingstone local authority capacity building.⁸⁷

Analysis

The April workshop, namely because of the very direct role of many participants, created excitement about reviving Livingstone. It did not, however, propose how to or provoke the inertia to overcome the current stagnation of the Livingstone economy and the LCC staff. Many of the proposed projects presuppose existing coordination and partnerships with higher levels of government and a sounder economic base, which, like its effect on strategy development, suppresses output. Capacity strengthening measures, as suggested by the CDS model (see Appendix), must accompany implementation activities. Full recognition of capacity, at the beginning and during implementation, could also be used for the constant revision and evolution of LED projects and partnerships.

Furthermore, incrementalism should also be an accepted course of action given the current state and the potential of both the local government and urban residents. The awareness of and participation in the assessment and strategy stages do not guarantee continued engagement or ongoing self-study, which are critical for “flexible learning.”⁸⁸ The current carrying capacity of the LCC is small, and there is limited value to Livingstonian entrepreneurs who have ideas but no capital with which to build upon their ideas. The LED strategy and implementation must prepare for the gradual reality of development in Livingstone. Notwithstanding the importance of incremental changes and progress, urban centers, Livingstone included, could also benefit from an overarching project (which would need to be drawn out earlier) to jump-start the economy. Such an initiative would attract traditionally risk-averse investors and build confidence within the Livingstone community. (The proposed Green Market is an example of an initiative that can mobilize the greater community and reveals that the economy is not and should not be solely dependent on tourism, which is key but not a desired stand-alone sector in Livingstone.)

5. Monitoring and Follow-Up

To date, the LCC has not made significant progress on any of the five action items specifically identified for the Council at the planning workshop. The start and finish dates for each of the five milestones ranged from ongoing activities, to a week, through to the end of 2002. The last deadline – November 2002 – has passed without dividends or desired results. Following the workshop, the Council formed an Implementation Committee that comprised of key participants from the April gathering, but, in general, not much has transpired in terms of set goals and actions. The Council has acquired two refuse

⁸⁷ “Local Economic Development Strategy for the City of Livingstone,” November 2002, 75-77.

⁸⁸ Henry Mintzberg, “The Rise and Fall of Strategic Planning,” *Harvard Business Review*, January - February 1994, 111.

trucks, two open vans and a tractor – incremental progress towards better refuse coverage – and is trying to determine how to maximize their use for garbage collection. The other areas targeted as priorities (that the LCC could manage with existing resources – street lights, street signs, water fee collection) have been unattended since April, and the recent strike and the threat of another strike may cause further delays and inactivity.

Analysis

LED strategies could benefit from continuous review channels, both process (of each of the first four World Bank model's stages) and impact evaluations. Although maybe too early to review the LED strategy, the January field visit was an opportunity to measure the research and planning against actual LED-related activities, current fiscal and revenue constraints and environmental changes. (See Appendix) Neither the April workshop plan nor the LED paper documents a formal review plan for local economic development activities in Livingstone, though Strategy #8 notes the need to assess and monitor the “progress of any activities and strategic interventions for local economic development” to allow for “a realignment of local interventions with changing global, regional, or national conditions.”⁸⁹ There are also no explicit indicators for measuring progress or changes. The recommended review could be facilitated with a local economic database of enterprise and activities in the city and an ongoing watch of the priority sectors in the local economy, but there is no timeline in the Livingstone plan for such monitoring. The local government should be given the responsibility for multiple evaluations of the LED each year, which would allow local officials to truly understand their economies and gradually reduce dependence on donors for facilitation and planning.

The constructive dialogue between cities offers an opportunity to strengthen the review in Livingstone and even earlier, for preparing realistic action plans. Inviting an individual from Ndola or Lusaka – two other urban centers in Zambia – to observe the Livingstone LED process at the beginning and periodically would benefit the strategy and general LED process. (Ndola and Lusaka are also attempting varying forms of LED and could be used as benchmarks or general comparisons within the country.) The observer's participation and input would also contribute to partnerships among cities and potential LED officers in Zambia. The partnerships, as a result, create a knowledge base specific to the country without compromising the growing roles of local governments. If formed, the anticipated cities network raises a coordinated, powerful local lobby against the central government, giving greater credence to decentralization and LED. Speaking actively and in one voice could help pressure the central authorities to finally deliver long-promised public funds for their Council staff and residents.

⁸⁹ “Local Economic Development Strategy for the City of Livingstone,” November 2002, 74.

VI. A New Model for LED

A. Integration of the Models and Case Studies

Based on the models as well as the case studies discussed previously, there are lessons and strengths to be drawn from each method or framework for successful local economic development planning. This section integrates lessons learned from the models as well as the case studies.

- **Lesson 1: It is important to balance structure with flexibility.**

As written, the CDS model is presented in a linear progression. The description of each stage is self-contained and there is little cross-referencing of one stage to another. While, the CDS visual is cyclical, and thus representative of nonlinearity, models should be very careful to place more emphasis on the importance of flexibility in planning, moving from one stage to another and sometimes back again. This kind of flexibility and creativity is necessary when implementing in the real world. Henry Mintzberg's well-known business administration theory of "emergent strategies" is based on this idea. Often by following a prescriptive method, or path, creative thinking is inhibited in the quest for completing each phase in a clean, neat fashion.⁹⁰ In the context of LED and developing countries, the challenge is to provide a base of sound strategic thinking with solid structures for those new to these concepts to follow. At the same time, structure within the planning process should be balanced with openness to allow emergent ideas and strategies to unfold.

- **Lesson 2: Participation should be balanced with time and resource constraints.**

As discussed previously, participation is an integral part of LED strategy development. However, it is easy and not uncommon for planners and facilitators to address this superficially. The UN-HABITAT model, conversely, provides a strong conceptual framework complemented by well-designed participatory tools. UN-HABITAT has institutionalized the participation piece of LED strategy development by providing process-oriented methods and tools, especially around communication strategies. The conflict negotiation tool is an example of their emphasis on practically facilitating the participatory process. They recognize that conflict should not be viewed as 'troublesome,' rather that conflict and debate is an indicator of a democratized approach. As well, this is the only model that seems to make a point of insisting on utilizing *professionally trained facilitators*, who help stakeholders identify their priorities.

In general, models should provide more discussion of process indicators for participation and partnership. For example, the involvement of many different stakeholders can pose significant advantages or major impediments. In the 'politics of scarce resources,' excellent leadership is essential for balancing the

⁹⁰ Henry Mintzberg, "The Rise and Fall of Strategic Thinking," 111, 114.

interests of competing groups. And the more scarce the resources, the more skilled the leader must be. The lead agency or group conducting the LED planning must mitigate the potential infighting that can occur and galvanize all stakeholders in a participatory but structured process.

Traditionally disenfranchised populations should be engaged as their perspective will assist the short-term planning, and their involvement will help ensure the long-term viability of the planning outcomes. As presented in earlier sections, civic participation is a critical component to LED planning, and specifically, disenfranchised groups such as women, youth and “the poor” have been left out of the process. Another strength of the UN-Habitat model is its focus and available toolkits to include these marginalized groups. However, identifying marginalized communities is often a region or culture specific task as in the case of Rwanda where inclusion of survivors of the genocide was overlooked.

‘Over-participation’ is a threat as well. Once stakeholders are identified, their inclusion should be balanced with time and resource constraints. The UN-Habitat model, while thorough in each of its steps seems dangerously poised to be very bureaucratic, rigid, and time-consuming. Each phase has many layers to it, and each step is very process-oriented. With so many parts to each phase, time lines and momentum should be discussed and an integral part of each phase. However, there appears to be very little language on the importance of deadlines and momentum. Another notable challenge of such in depth stakeholder involvement is that it can deflect responsibility from local governments. Ultimately, economic development initiatives are the responsibility of the local government and stakeholders play a ‘consultative’ role. Sometimes, this ‘consultative’ role is in fact in name only, as some decisions may not necessarily need broad-based public support. In these cases, citizens must rely on public sector governance, and/or elected officials to make decisions with the public wellbeing in mind. Thus participation – the degree of, depth of and timing – ends up being determined by the government and/or donor. A balance of unilateral and multi-lateral decision-making should ensue to at least attempt broad based representation. If balance is not maintained, a model’s strength becomes its weakness.

- **Lesson 3: The transition from participation to formal partnerships must be cultivated and promoted.**

As the strategic development process moves forward, there is potential for developing formal partnerships beyond the life of the initial community planning sessions. The ‘networking’ time is important for building rapport and promoting formal partnerships in the long-term. For example, in Kigali, the KEDS coordinator notes that it is easy for the city of Kigali to engage organizations and businesses that were part of the process and to involve them in implementing activities. They know the other stakeholders and are bought in to the concept behind KEDS. It is much more difficult for him to involve ‘outsiders’ in partnerships.

A *specific type of partnership -- public-private partnerships* (PPPs) involves the private sector and the public or civic sector finding creative, complementary synergies. One strength of the GTZ approach is its acknowledgment of the importance of PPPs. GTZ sees private firms as advantageous for LED in numerous ways: generating new markets, increasing sales, and making social and health improvements on-site – in terms of environmental protection, fair trade, or eco-efficiency. GTZ categorizes and works to establish *different types of PPP*, with the most important being PPP for Local service delivery. The two others include User PPP – when local government ceases supplying a service and local citizens being service delivery of it, as well as Strategic PPP, which refers to business/the private sector, coming together to chart a more futuristic, long-term course. GTZ offers technology transfer training, funding of PPP initiatives and assistance with privatization of state companies.⁹¹

- **Lesson 4: Decision-makers should be able to integrate knowledge of the social, political and economic environment with sound economic principles.**

Particularly important when translating an environmental assessment into strategies and policy, decision-makers should have a clear understanding of economic concepts regarding LED. The *content and process* focus of the CDS model and accompanying resources rests upon sound economic knowledge, experience and process. It is the GTZ model, however, that translates a good deal of economic theory and principals to practical on-the-ground applications. GTZ's model draws on urban economics research and offers technical assistance in understanding and utilizing important economic concepts.⁹² Their written materials seem targeted to the practitioners and policy decision-makers in the attempt to translate economic concepts for practical use. Their content and tools are particularly helpful for governments of newly developing states where economic activity has slowed for a number of years. This was the case in Rwanda. Government officials acknowledged that they had little training or experience analyzing the business environment, yet were charged with creating economic growth and development strategies. Therefore, building capacity by providing such content and perspectives on the urban economy helps to ensure successful LED strategies.

- **Lesson 5: Local regulatory, legal and institutional frameworks must be carefully reviewed and reformed.**

The local regulatory, legal and institutional frameworks very much affect local economic development. Local regulations, such as small business taxes, regulations on informal business activities,

⁹¹ “The Local/Regional Economic Development Toolkit – Participatory Monitoring and Evaluation in Projects,” <http://www.wiram.de/toolkit/>.

⁹² “The Local/Regional Economic Development Toolkit – Participatory Monitoring and Evaluation in Projects,” <http://www.wiram.de/toolkit/>.

and land ownership are sometimes poorly administered or obsolete. An example from the Kigali case study clearly demonstrates the importance of a supportive regulatory business environment. There are very few records on land ownership in Kigali. The process of obtaining a land title is lengthy and expensive. Thus, it is difficult for owners to obtain land titles to be used as collateral on loans. Kigali now is reviewing their service delivery of obtaining land titles, as well as embarking on a GIS system. This will help track who owns what piece of property.

Another element to the regulatory environment is the fact that localities may have to challenge policies at the national level in order to reform them. This strategy must be included in LED planning. For example, some local constraints might be put in place by the national government and regulated from that level. Thus local citizens and groups will have to lobby a higher level of government. Local governments can also develop informal partnerships. As a strong, coordinated lobby, the local governments can apply pressure to central authorities for the easing of national policies that have a common disadvantageous effect on LED (i.e., licenses and permits for physical developments or tourism operators; bank loans; or excessively delayed intergovernmental fiscal transfers).

- **Lesson 6: International, national and regional trends should be considered. National policies and programs should be well integrated in the LED Strategy.**

International, national and local trends should be watched, tracked and included, as much as possible, on an ongoing basis in LED planning. In the macro environment, there are a variety of leverage points or drivers of change that significantly influence a nation, and thus the nation's cities, ability to develop and compete economically. The World Bank Group cites a number of interesting economic factors that influence the economic macro and micro environments, such as the effect of global strategic partnerships between multinational corporations in investments and buying behaviors, the oversupply of manufacturing production in major global sectors, increasingly fluid and available capital, changes in employment from manufacturing sectors to the service sectors, and the diminishing importance of commodities. Technological changes that communities, cities and urban areas need to respond to include: significant technological advances, especially as related to production processes, improved technologies in logistics thereby reducing the need for shipping, the freedom and information provided by the internet, the increasing significance of the internet and advanced technology as it shapes business practices, products and thus economies. Political, regulatory and governmental changes have a great impact on local and national economies as well. It is important to be cognizant of the development or lack thereof of regional trade groupings and regional integration, the global environmental and labor standards, and falling trade barriers.

On a national level, drivers of change include macro-economic and political stability as noted above, “fiscal and political decentralization (a worldwide trend), widespread privatization of whole industries and

decentralization of government services, increasing democratization that brings increasing pressures and expectations from individuals and groups, national industrial and economic policies, industrial incentive schemes, taxation and regulatory reform.”⁹³ Communities, cities and regions must think synergistically and collaboratively to develop regionally. A favorable business environment in one city or area alone is not enough to lure investors. Firms need the assurance that large groups and networks of communities, cities, and regions are politically secure and economically ready for investment. Being aware of and responsive to these drivers of change will help countries and regions and thereby cities and communities achieve economic development and success.

CDS encourages integration of national and sub-national strategies. Whereas, other models place little emphasis on the larger national framework, CDS emphasizes the role that cities can play in national development. “The CDS should aim to explicitly link city with national development and with poverty reduction. Commitment of a significant fraction of financial or in-kind resources should be pledged by the Country Department and an indication should be clear that assistance to the city is or will be part of the CAS.”

The case study from Rwanda demonstrates the influence of the macro environment. Before KEDS, the city did not have established priorities, or the regulatory environment to encourage outside investors. Thus, there was a real problem finding credit, and working with outside financial institutions. In Zambia, the opening of Finta Dairies in 1996 represents another attempt to have local industry match macro changes and current fast-growth economic markets. Finta, a privately owned company based in Livingstone, recognized the growing demand for fresh milk in Zambia. Cooling facilities, built with donor and NGO assistance, now indirectly link Finta with very rural smallholder dairy farmers. Instead of wasting surplus milk, the smallholders can bring their excesses to collection centers, where the milk is cooled and stored in quantities that are sufficient for market (Finta). Finta is an almost exclusive example of capital-switching in Livingstone, moving from the previously dominant, but not dormant, manufacturing sector to a regionally innovative agribusiness opportunity.

⁹³ “Context for LED,” The World Bank Group, 2001, <http://www.worldbank.org/html/fpd/urban/led/context.html>.

- **Lesson 7: The LED strategy and action plan should realistically match the capacity of local government. Capacity building should be an integral part of the strategy as well.**

Human resources and leadership development are critical technical assistance inputs into any planning. Simplistically, it is *people* who will be carrying out these plans, not concepts or strategies or economic principals. This is what is referred to in analytical terms as, “soft infrastructure, and capacity building.” Researched, academically sound, prescriptive LED models might work in the short-term, but they will not work long-term if the local planners do not have the capacity to continue the work themselves. This is particularly true in Africa.⁹⁴

When developing LEDs, assuming local capacity can lead to the creation of overly ambitious plans. Most of the models, particularly CDS, emphasize a review of the city’s fiscal and administrative capacity. CDS, unlike other models, however, seems to suggest that there is a minimum capacity requirement. Their material states: “The candidate city should be able to show a minimum technical capacity of a team of qualified members (economists, planners) with a pledge of resources dedicated to the effort. If possible, the city should be able to show a record of reform and or innovation.”⁹⁵ There is a ‘catch-22’ in that capacity is needed for strategy development and vice-versa. However, in the case of Rwanda, where capacity (technical and financial) is extremely limited—the process *itself* enabled the city to build capacity and prioritize the development of an Office of Economic Development. The significance of the process in convincing government leaders to allocate time and resources to economic development cannot be easily underestimated.

- **Lesson 8: Local Government ownership must be balanced with donor technical and financial support.**

The degree of and manner with which donors invest is critical, as they wield power over livelihoods. In the context of LED planning, donor financial support should be consistently applied so that the entire planning model may unfold. As cities and urban areas embark on such a planning method whether it is a yearlong strategic planning or local economic development endeavor, consistent support should ideally be applied. If this were impossible, then it would be most helpful for expectations to be made as explicit as possible. Local planners could then arrange alternate funding arrangements. This brings up the point that any development work must focus on building capacity, especially in local human resources, technical support, and political buy-in to ensure the continuation of local development efforts.

As well, the manner of donor investment will affect a successful or unsuccessful outcome, and this relates to the degree to which local participation is tapped for LED planning. Citizens should first and

⁹⁴ Dele Olowu, “Restoring Public Service Leadership in Africa,” Lecture at The Vernon Center for International Affairs, New York University, 6 March 2003.

⁹⁵ “City Development Strategies – Issues,” The World Bank Group, 2001, http://www.worldbank.org/html/fpd/urban/cds/main/issues_2.htm.

foremost have the initial motivation and leadership to be involved, and if not leading the actual process, they must *emerge from the process leaders of it*. At the very base, this is a discussion of who in fact will drive a process – donor agencies or local communities. Ernie Leonardo, the consultant on the KEDS, noted that he has seen for the first time, elected officials taking a firm stand on what their local priorities are, and then witnessed the donor agency’s frustration as they perceived the priorities differently.⁹⁶ This highlights the less visible negotiation and balance of control and authority. Those who control the majority of resources will have the most power, and this dynamic must be consciously balanced in order to fully engage and empower locals for real pro-social change and poverty alleviation.

- **Lesson 9: Implementation, Monitoring and Follow-Up should not be overlooked and must be continually performed.**

Implementation of a local strategy is a critical step in LED planning. Having spent much time forming teams, researching the local economy, tracking trends, mobilizing stakeholders, and forming partnerships, the planners might not feel the need to monitor implementation. However, this is a critical phase, and one that can be very enlightening. The UN-Habitat model cites *Strategy Formulation and Implementation phase* as the most substantive phase, which is appropriate – the realities of implementation can get overlooked at times, as policies are made or retooled. The importance given to implementation of an LED or planning strategy is a significant strength of their model.

By watching implementation unfold, planners often can learn about the soft skills, such as management practices, communication techniques, and capacity building needs. As well, planners can see partnerships in action and learn about ways to make them stronger or inherent difficulties. Short-term wins will also likely emerge and lessons can be drawn from there as well. Indeed, it is important to provide encouragement in these short-term gains while maintaining the balance of stakeholder ownership.

As the fieldwork from Rwanda demonstrated, the months following the rollout of the LED strategy were in fact, critical for maintaining momentum. An important step happened in Kigali that strengthened the entire process — the development of the Office of Economic Development. Small wins and completing the entire LED planning process helped mobilize stakeholders, partners and local government. *Monitoring and follow-up* are critical components to LED planning. It is easy for momentum to be lost at this later stage on the part of donors, participants, and local governments. To fully engage in LED, commitment for the entire process and over the long-term must be in place. The UN-Habitat model provides valuable tools for monitoring and follow-up that should be resourced. The cleverest of policies could be conceived, but will never be put to use if the implementation, monitoring and follow-up phases are not safeguarded.

⁹⁶ Ernie Leonardo, Guest Lecture at NYU Wagner in the course, Decentralized Development Planning and Policy Reform in Developing Countries, 9 April 2003.

Summary

When the strengths of different models are integrated, they form a powerful possibility for future LED planning models. LED models need to be careful of prescriptive, linear planning structures. The CDS attempts to break this tendency by presenting their model accompanied by a circular visual. Based on a review of the models and practical fieldwork experiences, LED planning and planning models should: balance structure with flexibility, encourage yet balance local participation, ensure transition from participation to formal partnership, provide background content on economic theory, assess and reform local regulatory frameworks and regulations, understand local, national and global trends, ensure that the LED strategy and action plan match the capacity of the local government, balance donor and local government interest/investments, and lastly, implementation, monitoring and follow-up must be conducted habitually.

B. Our LED Model

By combining the strengths of the different donor approaches to LED, we have designed a new model to guide city LED strategies. This new model is based on the existing donor models and the case studies discussed in the prior two sections of this report. The model, which is depicted below, also emphasizes the value of emergent strategies and ongoing process evaluations. Given time and financial constraints, it is not possible to reflect on and assess every LED-related decision. Nevertheless, the outer ring reminds planners of the inevitability of unintended consequences and serendipitous changes. Flexibility is critical, and stakeholders should resist the tendency to compartmentalize and dictate a linear, definitive end to stages in the LED process.⁹⁷

In recognition of the nonlinearity of LED, our model complements theory, planning and implementation with flexibility. The concentric circles and the bold outer ring – revolving “emergent strategy” and “process evaluation” – in the model underscore these principles of flexibility and constant motion.⁹⁸ The model, which should be read from the inside out, draws its strength from the core – the local government as well as the stakeholders. The inner core, like the rest of the inputs within the circles, is constantly evolving. Taken as a whole, the figure represents the LED process. The circles, starting from the center, are explicated in greater detail below.

⁹⁷ Samir Rihani, *Complex Systems Theory and Development Practice* (New York: Zed Books, 2000) 5, 13.

⁹⁸ Henry Mintzberg, “The Rise and Fall of Strategic Planning,” 111.

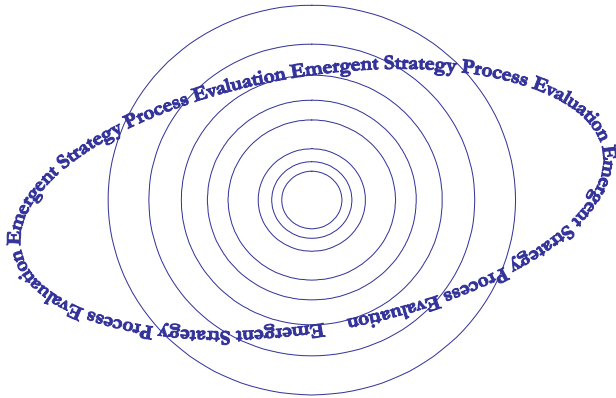


Figure 3: LED Model

Working from the inside out, the nine circles correspond to the following:

- Enabling Local Government;
- Mobilizing Stakeholders;
- Environmental and Internal Assessment;
- Strategy and Reflective Reasoning;
- Implementation Planning and Partnership Development;
- Rollout;
- Demonstration Project(s) and Capacity Building;
- Monitoring and Evaluation;
- Annual Review (outside looking in).

- Enabling Local Government

Without the local government, there is a hole at the center of the LED process. The local government should be responsible for both initiating and overseeing the LED strategy in a city. Notwithstanding the support from the outside rings, the local government, especially in a time of decentralization across Africa, will have institutional oversight of the LED process. From the onset and throughout the LED process, the local government, and, if possible, a designated LED officer/representative, will be working with donor agencies. Local authorities are directly accountable to the donors and the local residents and must therefore carefully manage planning and budgeting. The local governments of many cities may be plagued by financial or other problems, but convening an LED session is an internal prescription for action. The LED plan emerges because local governments are committed to improving service delivery (if they are currently providing anything at all) and to reversing the burdens of economic decline.

- Mobilizing Stakeholders

The local government's credibility and capacity will be strengthened by the inclusion of many different stakeholders. Participants must be drawn in once the local government has taken on an LED plan for the city. Decision-making in the past was limited to a few powerful groups. In contrast, this stage of the LED process significantly widens the forum, encouraging public officials – often from different political parties, different levels of government, private citizens, and external organizations to engage in an ongoing dialogue about the direction of the city. Without open participation, the potential for partnerships is restricted, thereby constricting the LED potential of the city.

Though it is easy to advocate for and justify the importance of diverse stakeholders, it is not as easy to ensure that the most marginalized groups are somehow involved in the LED dialogue. The LED processes reviewed in this report go beyond local elite capture of power, but they are not wholly

representative of the populations in Kigali and Livingstone. Marginalized groups should be both aware of the LED process in the city and invited to participate in the initial rounds of communication. Before moving beyond the stakeholder identification stage, it is necessary to not only get a tally of the stakeholders but also to measure the diversity of representation and the anticipated degree of participation of each individual or group. The local government could do an internal review or self-evaluation to assess whether representation at the LED ‘table’ is sufficient. The reporting template (next section) can serve as a self-evaluation guide for this cycle as well as successive circles in the process.

Once the local government is confident that there are enough stakeholders involved in the early dialogues, a smaller stakeholder committee should be formed. The stakeholder committee is a more condensed decision-making unit that can move outward and back in the process and should serve as adequate ambassadors of the larger group of stakeholders in the city.

- Environmental and Internal Assessment

This phase resembles the other models’ “conducting the assessment” stage but places a strong emphasis on the balance between the private and public sectors. The LED process is designed to strengthen the business environment and the fiscal capacity of the local government. Sustainable progress in either is difficult if one remains underdeveloped or weak. The assessments of both the business environment and the balance sheet of the local government need to be as current and detailed as possible. The urban economic “toolkit” recommended by GTZ offers theory-based concepts that can be continuously converted into practical data on the economic capacity of a city. If sufficient data is available in this circle, the successive circle – on building LED strategies – will be a stronger reflection of current and anticipated capacity for the city’s LED plan.

- Strategy and Reflective Reasoning

The strategies for a city represent more manageable development visions and are derived from the broader definition and goals of LED. More specifically, the LED strategies support the economic information learned in the competitive assessment of the city’s economy and health of the government’s revenue base. The economic assessment of a city and its rural hinterland will determine the anticipated economic direction for the city. In addition to the local economic assessment, the greater economic context – both nationally and internationally – should serve as points of reference and direction. Regional and national government officials may be included during stakeholder identification. It is necessary, however, to reflect upon the extent of their input and the extent to which the LED strategies are compatible with national priorities and the national and global marketplace. The formation of strategies, coupled with organized stakeholders, will better guide decisions on projects and implementation planning.

- Implementation Planning and Partnership Development

Just as explicit measures for participation strengthen the LED process, partnerships are also integral inputs and outputs of LED. Implementation planning builds upon the stakeholders and strategy circles, transforming people, ideas and priorities into partnerships and action plans. The action plans are detailed, 'how to' instructions for satisfying strategies and priorities. Though there is a constant emphasis on flexibility within the entire process, action plans need realistic and well-understood timelines. If timelines and milestones are consistently ignored, the credibility of the local government – as enforcers and preeminent owners of the process – and the process, itself, will be undermined. Partnerships confirm that the action plans and the whole LED strategy do not occur in a vacuum. The multitude of relationships between governments and people builds a greater sense of community. Partnerships also beget greater communication and enterprise.

- Rollout

This includes operationalizing and marketing the strategy as well as realizing that the LED strategy is always evolving and responding to the changing needs of local residents and greater environmental factors. Rollout should be gradual because nothing is static in the LED environment and because most local governments and businesses only have the capacity for incremental progress. The rollout must include the formalization of an LED office or LED representative within the local government body. The launching of an LED position or set of staff members solely dedicated to this strategy will guarantee that there is always someone from the core looking outward, guiding the whole process and forcing stakeholders to periodically revisit the inner circles even after rollout. Rollout is not the end of the LED process but rather another revolution in a dynamic system.

- Demonstration Project(s) and Capacity Building

In addition to the projects planned within the rollout, priority should be given to an activity that is both visible and easy to implement. Visibility can be addressed by picking a project that positively affects the greatest number of residents (like refuse collection in the compounds). Moreover, a demonstration project gives local government staff a specific and very short-term action plan that is within their capacity. Meeting the timelines for a demonstration project will build investor and residents' confidence in the LED plan. A success represents small but momentous achievements or milestones within the greater LED process, but the quick project also provides a timely opportunity to revisit capacity and strategy. Findings from the planning and implementing of the demonstration project can be beneficial to the greater LED implementation plan.

- Monitoring and Evaluation

The monitoring and evaluation circle coincides with the model's ring, though this piece specifically encapsulates the role of the local government in follow-ups, maintenance and impact evaluations. Accordingly, the local government is responsible for tracking all LED-related activities. Record keeping and project monitoring are important government activities. They keep stakeholders and the local authorities accountable to each other and the greater LED effort. The local government must have a comprehensive handle on what was planned, what was implemented, whether or not implementation went according to what was planned, and what has or has not been achieved to date.⁹⁹ The local government, to prepare for this loop, needs to create measures that coincide with the inner strategies and implementation plan to evaluate the LED plan.

- Annual Review

The associated reporting system for this LED model involves two different reports: the first evaluates the inner core of the model – the inputs and outputs – while the second builds upon the first to assess activities after a year. The annual review is a literal and figurative outside looking in on LED, a formal opportunity to review the micro and macro context for a specific LED strategy. Although it does not have to be as comprehensive as the initial economic assessment of the city, the annual review allows the local government to measure the impact, if any, of the LED strategy on the city as well as redefine or tweak the terms of reference for the strategy.

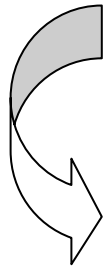
⁹⁹ “The Local/Regional Economic Development Toolkit – Participatory Monitoring and Evaluation in Projects,” Gesellschaft für Technische Zusammenarbeit, <http://www.wiram.de/toolkit/>.

C. Reporting Templates

As an accompaniment to the LED model outlined above, we have prepared two different reporting templates that can be used to assess both the process and the impact of the LED plan. The first report coincides with the initial cycles in LED planning and strategy building. Local governments can also use this report as a tool for self-evaluation at frequent intervals in the LED process. The second report, which is to be completed annually by a local government official, asks questions about the outcomes of the LED inputs and outputs.

1. LED Strategy Report

This report is intended to provide USAID with a clear understanding of the status of your city’s LED Strategy. The form should be filled out by the LED coordinator from the local government collaboratively with the USAID representative. The report is based on the following process:



- **Mobilizing Stakeholders**
- **Environmental and Internal Assessment**
- **Strategy and Reflective Reasoning**
- **Implementation Planning & Partnership Development**
 - Rollout
 - Demonstration Project(s) and Capacity Building
 - Monitoring and Evaluation
 - Annual Review

The first four phases of the process are evaluated on this report. Please fill out this report at the time that your strategy and implementation plan are complete. The second four phases are evaluated on the report entitled “One Year Implementation Progress Report.”

City/ Name of Project:	
Local Government Project Manager:	
Local Government Project Manager Contact Information:	

Section I: Mobilizing Stakeholders

1. List the number of stakeholders in each sector (Only count by organization. For instance, if two people came from the city’s Office of Planning, they would count as one):

	Number of Organizations	Descriptions
Local Government		
National Government		
Regional Government		
Multi-Lateral Donors		
Bilateral Donors		
Indigenous NGOs		
International NGOs		
Financial Institutions		
Private Sector		
Other		

2. Describe the process used to identify stakeholders and any challenges encountered:

4. Did you provide any open forum for general community participation (i.e. town-halls, public presentations, conferences, etc)?

Yes

No

Comment:

Section IV. Implementation Planning & Partnership Development

1. Describe the formal and informal partnerships developed during this phase:

2. Describe the implementation planning process (Who was involved? How were decisions made? Was the final plan approved? Was the plan realistic? Was the plan flexible?):

3. Was a time-line/ action plan developed? Yes No Comment:

4. Were specific tasks given to various stakeholders? Yes No Comment:

5. Moving forward, what do you anticipate being the barriers to implementation?

6. How much time elapsed from the beginning of the process until the end of this phase?

2 months or less

3-4 months

5-6 months

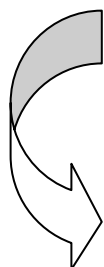
6 months or more

Please feel free to provide any additional comments or insights. Use additional paper as needed.

Thank you!

2. LED Implementation – 1 Year Progress Report

This report is intended to provide USAID with a clear understanding of the implementation and interim results of your city’s LED Strategy one year after its inception. The form should be filled out by the LED coordinator from the local government collaboratively with the USAID representative. The report is based on the following process:



- Mobilizing Stakeholders
- Environmental and Internal assessment
- Strategy and Reflective Reasoning
- Implementation Planning & Partnership Development:
- **Rollout**
- **Demonstration Project(s) and Capacity Building**
- **Monitoring and Evaluation**
- **Annual Review**

The first four phases of the process have been evaluated on the report entitled “Strategy Development Report.” This report evaluates the last four phases.

City/ Name of Project:	
Local Government Project Manager:	
Local Government Project Manager contact information:	
Are you the same coordinator that had been assigned since the beginning of the process?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If not, have you been involved in another capacity since the beginning of the process?	

Section I: Rollout/Implementation

1. What sort of feedback have you gotten thus far on the strategy and from whom?
2. How have you marketed the strategy in order to attract investment or credit?
3. What kinds of economic empowerment opportunities have been created (i.e. business trainings, high labor intensity projects, microcredit, etc.)? What have been the outcomes?

Section II: Demonstration Project(s) & Capacity Building

1. List all city government activities that have impacted the economic development of the city:

Activity	Partners/ Funders	Under what objective(s) of the LED strategy does the activity fall?	Was the activity a result of the LED strategy? Explain.
Example. Land sold to foreign firm to build textile factory with 3 yr. tax incentives	Public/ Private Partnership between LG and firm	Land reform	Yes, the company reviewed the strategy, which was sent to them as part of the roll out and expressed interest in investing since AGOA.

2. What activities have taken place that increased the capacity of the local government to implement the LED strategy (acquisition of tools, development of office, hiring staff, staff training, etc)?

Section III: Monitoring & Evaluation

1. What person/office is in charge of economic development?
2. Is that person/ office using the LED strategy as a tracking tool regarding activities?
3. How has that person/ office kept stakeholders informed and involved?
4. How have the original donors been involved since the completion of the strategy?
5. What have been the most positive outcomes of the strategy? What opportunities are anticipated for the future?
6. What have been negative outcomes of the strategy? What are areas for growth/ challenge?

Section IV: Annual Review

1. Has the stakeholder committee met in the past year? If so, how often and for what purpose?
2. Describe your relationship with USAID since the inception of the project?

Please feel free to provide any additional comments or insights. Use additional paper as needed.

Thank you!

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APPENDICES

Appendix 1 - UN-Habitat Model: Environmental Management Information System

Appendix 2 - Notes from Field Visit: Kigali, Rwanda

Appendix 3 - Notes from Field Visit: Livingstone, Zambia

APPENDIX 1 – U N-Habitat Model: Environmental Management Information System

One of the many UN-Habitat tools offered is the Environmental Management Information System (EMIS). This seeks to show the relationships between environment and development issues. They advocate for presenting the information in an easily understandable form using attractive maps, graphics and photos. Interesting to note is the recommendation for the information to be made widely accessible, such as through information kiosks, newspaper features, local neighborhood exhibitions, general distribution publications, etc. Principles for collecting, analyzing and using data include: using the information as a dynamic source and thus knowing it will change over time; avoiding getting burdened with finding the most perfect information – use the best available resources; preventing the “data trap” - meaning getting encumbered in broad, all-encompassing, vague, ‘unstrategic’ information; being careful to understand the difference between facts and policy tools – policy tools and plans are the result of a value driven process whereas facts and other information sources such as maps, other tools etc. are descriptive in nature, not prescriptive; and lastly ensuring that the data collected is accessible to all – it should not be guarded, put away nor should it remain static, but must be allowed to change with the environment.

“The information system should not be viewed as static hoard of valuable information, deposited by its owners to be carefully guarded from unauthorised access, as in the vaults of a bank. Rather it should be seen as a continual flow, like a newspaper, where information is incessantly and actively sought out, quickly analysed and summarised, and rapidly distributed widely and without restriction. Information is like news, a perishable product that loses value over time. The usefulness and influence of a newspaper comes from immediately disseminating new information, not retaining it. An effective information outreach strategy is absolutely necessary for the success of the EMIS.”¹⁰⁰

¹⁰⁰ “Environmental Management Information System,” Urban Governance Toolkit Series, UN-HABITAT, United Nations Human Settlements Programme, 2001, <http://www.unhabitat.org/cdrom/governance/html/emistk.htm>.

APPENDIX 2 – Notes from Field Visit: Kigali, Rwanda

I. The Kigali Economic Development Strategy

A. KEDS Goals and Objectives

In March 2001, the city of Kigali held their first ever municipal elections. This event marked a historic commitment on the part of Rwanda's central government to decentralize the country's resource management. In order to support this effort, in April 2001 The Cities Alliance supplied funding to the City of Kigali to undertake a participatory economic assessment and strategy development process. The goal of the project was to (1) support Rwanda's largest city, Kigali, in maximizing its economic potential in order to increase income and job opportunities to help lift its population out of poverty, and (2) support the fiscal decentralization process being undertaken by the Government of Rwanda by providing the tangible assessment of an urban revenue base.¹⁰¹ Ernie Leonardo, a consultant during the development of the Kigali Economic Development Strategy (KEDS) states, "The team that put KEDS together sees it as both a process and a roadmap. It's a process in that it brings together the public and private sectors to decide what the future economy of Kigali could and should be. By roadmap, I mean it's a comprehensive look at the economy, with directions on how to move forward on the city's vision of its future economy."¹⁰²

B. The KEDS Process

Soon after the grant was received, Institute of Public Administration (IPA) consultant, Ernie Leonardo was contracted to help facilitate the process of developing KEDS. Dr. Leonardo partnered with the KEDS coordinator from the City of Kigali, Joseph Bahenda. Together, they established the collaborative committee (CC), which became the central body engaged in developing KEDS. The CC represented diverse representation from public and private sectors, civil society as well as central and local government. The inclusion of private sector, potential investors and financial institutions, and poor communities-- including representatives of poor women was a Cities Alliance requirement.

In May 2001, the CC contracted the Kigali Institute of Science and Technology (KIST) to conduct an assessment of the social and economic environment. The research resulting in a document that reviewed various formal and informal sectors of which approximately 80% was derived from original data collection. Shortly after the KIST research was presented to the CC, Joseph Bahenda and Ernie Leonardo rewrote the recommendations of KIST into a comprehensive list of strategies to be considered by the CC. During prioritization workshops, participants were divided into two groups. Each group prioritized strategies in terms of (1) economic factors that the local government could influence and (2) sectors that the economic development strategy could target. Once priorities had been set, the KEDS team wrote the first draft of the

¹⁰¹ Cities Alliance/ KEDS Grant Proposal, 26 April, 2001.

¹⁰² IPA newsletter interview with Ernie Leonardo

strategy and presented it to the CC. Once their changes had been made, the document was refined and presented to the City Council and the Executive Committee of the Mayor who approved it in April 2002. That same month, the Cities Alliance funding expired and a project report was sent to the funders. Since the release of the KEDS strategy in August 2001, incremental progress has been made on a few of the implementing activities identified in the document. One of the most significant recommendations of KEDS was the establishment of an Office of Economic Development (OED). The primary task of this office would be to maintain relationships and foster new relationships as an outcome of KEDS, promote public-private partnership and investment, facilitate business trainings and other income related service to the general population. Essentially, the objective of the OED is to implement the KEDS strategy.¹⁰³

C. Timeline of KEDS Process

Date	Action	Coordinator
26 April 2001	KEDS proposal submitted by Rebecca Black to the Cities Alliance	Joseph Bahenda
May 2001	Ernie Leonardo from IPA hired as a consultant to help facilitate development process	
May 2001	Coordinating committee formed	
May 2001	KIST is contracted to complete research	
August 2001	Completion of KIST research	
September-October 2001	KIST research re-written by Immaculae and presented to CC	
November 2001	Leonardo, Bahenda and Immaculae Habiyambere meet and draft KEDS based on research and feedback of CC	
January 2001	Prioritization Workshop with CC	Immaculae Habiyambere
January 2001	KEDS refined and presented to City Council and approved	
April 2002	Cities Alliance Funding ended	
April 2002	Cities Alliance final report sent	
May 2002	USAID funding secured to develop six month work plan for OED	
June 2002	Five priorities for six month period identified	
August 2002	New Coordinator hired	Tharcisse Dusabe
August - Present	Development of the Office of Economic Development, marketing of KEDS strategy	

II. The Political and Economic Context

The 1994 genocide decimated Rwanda's economic base and severely impoverished the population. Nearly all private and external investment stopped for a number of years following the genocide. Despite its long history of ethnic conflict, the current government is committed to economic development, democratic governance and to ensuring equal rights and representation, irrespective of ethnic origin.

¹⁰³ For further information and analysis of the KEDS process, refer to the working paper content.

In addition to the setbacks in 1994, Rwanda has many impediments that must be overcome in order to develop economically. Currently 10% of the population accounts for 60% of the formal economic activity. There is little industry and few natural resources. As the most populous country in Africa, Rwanda faces challenges in land reform issues as well.

Today, donors and investors have slowly become more confident in the political security of Rwanda and plans for development and investment are being made quickly at all levels. Donor aid represents nearly 90% of national capital investment and a large portion of the operating budget.¹⁰⁴ The development of the country will continue to depend heavily on donor aid for years to come.

Still, private investment must be encouraged at a national level in order to ensure long-term economic development for the city. The African Growth and Opportunity Act (**AGOA**) is one example of strides in this direction. Under the act, which was signed into law in the United States in May 2000, investors have duty-free and quota-free access to the United States market. This law, coupled with the World Bank's privatization scheme has and will continue to have a profound effect on investment in Rwanda. During the course of my interviews, AGOA in particular was mentioned optimistically by city officials as an encouraging opportunity.

The City of Kigali, like the nation of Rwanda as a whole, is in the process of overcoming severe development setbacks due to the genocide. Kigali is an extremely over-populated city. In the early 1990's census data estimated the city's population to be 235,000 people. Today it is estimated at over 600,000 residents. This trend is not expected to slow. It has also been estimated that by the year 2020, 60% of Rwanda's population will be urban. The population density has exceeded the social service facility in almost all sectors including water supply, power provision and sewage. Additionally, the urban market status does not support the rural-urban influx. This rapid urban growth has resulted in high unemployment, an increase in crime and environmental problems. The large growth of the city is partly due to the return of refugees from Congo, Tanzania, Burundi and Uganda after the 1994 genocide. Many rural people have also migrated to the city because they feel more secure after the genocide and in search of economic opportunity. The city is divided into eight districts. It is estimated that 60% of Kigali's population are women. While Kigali represents 10% of the population of Rwanda, it accounts for 60% of the formal economic activity. Revenue into the City of Kigali currently comes from business licenses, rental taxes, property tax, land management taxes and titles.

III. Methodology

In January 2003, I visited Rwanda in order to report on KEDS. The purpose of my assessment was two-fold. First, I sought to review the process of arriving at the KEDS document. My aim was to see if the

¹⁰⁴ Rebecca Black.

strategy was developed in a transparent and impartial way. I assessed the level of participation and involvement by all stakeholders of the final economic development strategy. Second, I considered the development of KEDS related activities since the completion of the document in August 2003. Most significantly, this involved investigating what strides have been made to develop an Office of Economic Development.

IV. Interviews

Over the two-week period that I was in Kigali, I interviewed the following individuals:

Individual	Title/ Organization	Role in KEDS
Joseph Bahenda	Currently the Director of Finance for the City of Kigali.	The first coordinator of KEDS
Immaculae Habiyambere	Currently the Executive Secretary to the Mayor of the City of Kigali.	The second coordinator of KEDS
Tharcisse Dusabe	Current KEDS coordinator/ Director of the Office of Economic Development (OED)	The third coordinator of KEDS
Louise Mujjima	The chief urban planner for Kigali and the creator of the Master Plan for Kigali	None
Dr Sam Kanyarukiga,	Director General, Central Public Investments and External Finance Bureau (CEPEX)	CEPEX was represented on the CC by another individual
Mugabo	Fédération Rwandaise du secteur Privé	Representative to CC from the Private Sector
Laurent Gashugi, Assistant du Representant	Organisation des Nations Unies Pour L'Alimentation et L'Agriculture, FAO	Funder of projects to Kigali since KEDS
Rebecca Black	Deputy Director, Sub-Saharan Africa Regional Urban Development Office	Creator of the KEDS proposal
Andy Carris	USAID/ Rwanda	USAID
Antwani Kiroha	Chairman of Community Development Committee (CDC) Nyakabanda	Representative to CC from the poor
5-7 reps from the research team	KIST (Kigali Institute of Science and Technology)	Contracted by the city of Kigali to produce the research that led to prioritization of KEDS goals
Vincent Karega	Director, Directorate of Strategic Planning and Poverty Reduction Monitoring, PRSP (Rwanda Poverty Reduction Strategy)	None
Executive Director	PROFEM	Representative to CC from women
Kadigwa Laurien, Jabo Paul	Kadigwa, Head of Legal Department, National Commercial Bank of Rwanda- Association of Banks; Paul, Responsable du Departement des Agences	Representative to CC from Banking sector
Jean Claude Gasana	CARE, Intl.	Representative to CC from NGO sector

A. Joseph Bahenda

Joseph Bahenda found KEDS to be very useful to him both in his own professional development as well as to the city in their ability to prioritize economic development strategies. Joseph said that the process has helped him to integrate interests and see many solutions to problems. It enabled him as a city official to think more holistically about problems and consider impacts and solutions from a variety of angles and perspectives of different sectors.

Joseph felt that the single most important outcome of KEDS was that they were able to convince investors and donors that they have a roadmap for the city. Before KEDS, he says that donors would ask for city plans and they had nothing to show. Also, solutions under KEDS are more consultative. Now they can demonstrate that:

- They have the capacity in city government to implement projects;
- They have set priorities that are well defined and fit into the larger economic development strategies for the country;
- They have worked collaboratively and involved stakeholders.

In all, Joseph felt that they have a better working relationship with central government, investors, and donors because of KEDS.

Joseph identified two important areas of challenge in the process of developing KEDS that have had an impact on their ability to move forward. First, everyone that was involved in the process really understands its genesis and purpose. But for those who were not participants, it takes a long time to help them to understand the important role that the city would like the OED to play. Given more time and money, Joseph would have liked to structure the process to include more stakeholders from each sector. For instance, he may have had different roundtables and then representatives from those to prioritize the strategy at large. Second, because of the nature of the contracting process through USAID, they had to contract out all the research to one institution. While Joseph felt that KIST was the best choice for the project, he pointed out that their expertise in some areas was limited.

B. Jean Claude Gasana, CARE, Intl.

Jean Claudes represented the NGO sector during the development of the KEDS strategy. He understood that KEDS was a new and innovative planning process at the city level and was also impressed by the consideration of poverty in urban areas. However, he stated, “The results of KEDS is just the first step, it is a very broad program.”

Jean Claude has succeeded in securing a funding promise of 25,000£ from Care for a KEDS project to be determined. Because he participated from the beginning, I believe that he had the buy in and

understood the vision of KEDS. Had more NGOs been involved, there would have potentially been more NGOs committed to the project.

Jean Claude had some insightful input into the process of KEDS. He felt that:

- It would be helpful to NGOs like CARE if the information was aggregated by district, this would help them in getting funding for particular areas in the city.
- The CC was just too big and it was hard to get anything done on that level.
- Women, youth and the poor were underrepresented in the CC
- “KEDS” doesn’t have enough power; decisions are still done by the mayor and people higher up.
- He was not aware of what was going on with the implementation of KEDS
- It would be helpful if KEDS were financially separate from the central city government.
- In general, KEDS is too conceptual; we need an implementation plan now.

C. PROFEM

Since Rebecca Black had mentioned that she felt that there could have been more representation of women in the development of KEDS, I was curious to hear from PROFEM. Founded in 1992, PROFEM is a collective umbrella of 40 women’s organizations that focus on gender, peace and development.

Although they only attended two meeting, the PROFEM representatives felt that there was a sufficient representation of women’s concerns in KEDS. They mentioned that this was the first time that PROFEM was involved in the planning of the city and saw this as a significant first step toward the inclusion of civil society in decision-making. They felt that the KEDS coordinators had provided an environment in which they were free to openly critique the process or the outcome. They also mentioned that KIST was well sensitized to “gender promotion” and that this was evident in their research. However, like many of the other interviewees, PROFEM mentioned that now was a critical time for the COK to show a success related to KEDS. PROFEM could easily identify areas for cooperation on the future:

They have done research on the promotion of girl’s education, which was an identified strategy in KEDS. Many of their member organizations have microcredit programs already in place that the city could help strengthen. Also, the PROFEM network can provide information and support to newly formed microcredit programs.

D. KIST (Kigali Institute of Science and Technology)

Funded by Japan and UNDP, KIST started just six years ago. Yet, it has become well known in areas of appropriate technology, computers, management and finance as well as economic development. Kigali had an open bidding process in which nine competitors applied for the KEDS contract. KIST won the contract and saw the project as not only beneficial to the city, but to the institute as well. It has enabled them to integrate their research with the priorities of the city. The contract was for 100,000 USD, but because they saw it worthy, KIST invested 50,000 USD of their own funds to expand their research in areas where they did not have expertise. They visited Zambia, India and South Africa where they studied problems of street children, tourism and urban agriculture.

As they collected data regarding economic trends in the city, they found that data was not well kept or didn't exist at all. Part of the reason for these challenges was due to the fact that they started their research right at the launch of decentralization, so the information had not reached the district level, or it was hard to get because of bureaucracy. In some cases, the KIST team felt that they had helped city government to find quick and easy ways of tracking information. This was a positive, unexpected benefit of the research process during the development of KEDS.

I saw that while the research was long and thorough, it was a great time and monetary investment for something that often sat on a shelf. It is in English, which poses a challenge to many of the Francophone Rwandans. While it was instrumental in setting priorities, it is not being well utilized now. KIST also felt that much of the information in the research is now no longer relevant because Kigali is such a rapidly changing city. During the development of KEDS, they participated as stakeholders and participants in the prioritization workshops.

With KIST researchers, I discussed how KIST could be involved with KEDS at this point. KIST would like to continue to support the OED in an advisory role. They also suggested setting up a revolving credit fund for the city with priority given to their graduates (this is an initiative that KIST is working on with the purpose of merging technology and entrepreneurship.) They would also like to be involved in a brainstorm meeting in order to help the city to identify first priorities of the OED.

E. Antwani Kiroha, Community Development Committee CDC Nyakabanda

Antwani Kiroho was asked to serve on the CC as a representative of the poor. He stated that he was on the committee to look out for the interests of the people and speak on their behalf. Antwani stated, "Before the genocide in 94, things were disorganized. Now we want to build a structure. The way they used to do things caused people to be more poor." It seemed that Antwani had a good understanding of the process of KEDS and felt comfortable speaking during KEDS meetings. He did not however; seem to have a strong opinion about what the general interests of the poor should be regarding economic development. For himself, he identified currency fluctuations as an impediment to his business.

F. Vincent Karega, Poverty Reduction Strategy Paper

The Rwanda PRSP was created in June 2002. It is currently being translated into sector strategies. Although he had not heard of it, Vincent was in agreement with the KEDS strategy and encouraged to hear that the city had considered economic development in a strategic way. He was, however, pessimistic about the prospect of getting funding for any of the initiatives.

G. Food and Agriculture Organization, Rwanda

While FAO is not represented on the CC, they have recently approved a large Rural Support Project with the City of Kigali. While the project is seen as a top-down effort and an accomplishment of the Mayor, it was in fact, Tharcisse Dusabe who did much of the work on developing the proposal. The representative from FAO knew of KEDS and had a copy although he admitted that he had not read it. The representative from FAO stressed the importance of land reform because it is impossible to invest without a legal framework for land reform. Also, he mentioned that he sees beneficiaries of the new FAO project as not only producers, but as everyone in chain of production of goods and services.

H. USAID/Rwanda, Andy Carris

Considering the fact that a great deal of funding for KEDS has come from USAID, the level of involvement by the Rwanda mission of USAID was almost non-existent. Pierre Munyura was one of the developers of the proposal. However, his responsibilities within USAID have changed and he is no longer supporting the project. Rebecca Black suggested that I meet with Andy Carris, which I did along with Joseph Bahenda and Tharcisse Dusabe. Mr. Carris had never heard of the KEDS before and we needed to explain the development of the project to him from the beginning. Mr. Carris stressed that USAID had a strong rural focus. He also insisted that as a government agency, the OED must be “service based” and that “revenue be based on services provided.” He also recommended that they consider IESC (Intl Executive Service Corps), which supports small and medium enterprise projects. In general, while USAID/ Rwanda was interested in hearing about KEDS, they were clearly uninterested in continuing to support it either with technical expertise or financial resources.

I. Rebecca Black, Deputy Director, Sub-Saharan Africa Regional Urban Development Office

Rebecca Black wrote the proposal for USAID. While she was pleased with the ownership that the city has taken, she felt that its initial genesis was not very participatory. With little monitoring, Rebecca found that the city met deadlines of the project and truly believed in its goals. One reason for this, she felt was that the city had hired committed and motivated people. Also, because those talented people had since been

promoted to prominent positions in City government, KEDS has remained a priority. She commented that there is much more capacity than people realize at the city level. She feels that she is unjustified in helping them from here on because USAID in Rwanda has never really been very interested in the project.

J. CEPEX

The Ministry of Finance and Planning of the central government of Rwanda has an office similar to the Office of Economic Development at the city level—CEPEX. The goal of CEPEX is the development of public investment for the country. They are the agency in charge of negotiating with international donor and allocating funds. During the KEDS process, there was a representative from the strategy department of CEPEX on the CC (Bahaman) but he had since left the agency. My meeting with CEPEX along with Joseph and Tharcisse enabled us to reestablish the relationship with CEPEX. CEPEX promised to find a new representative for the CC.

K. Fédération Rwandaise du secteur Privé

The representative of the FRP to the CC is Bugaboo. He owns a large construction company that is often contracted by the city for various projects. Bugaboo said that he had only gone to one CC meeting and that he had not gotten announcements regarding other meetings. He knew little about the KEDS process or objectives. He said that the OED is important because it encourages public–private collaboration, but they “have to show us what they can do.” When I asked him about impediments to economic development in Kigali, he cited high land and income taxes. (The government has recently tripled plot taxes in the past year.) He also noted the difficult and long process to get a license to build.

L. Jabo Paul, National Commercial Bank of Rwanda- Association of Banks

Jabo Paul is a lawyer working for the National Commercial Bank of Rwanda and also represents the Rwandese Association of Banks. He stressed during the interview the importance that banks can play in financing and administering development projects and private sector investments. The problem the banks are having, however, is that the private sector doesn’t have the competitiveness or capacity to repay loans. The banks in Rwanda have too much supply and not enough demand by qualified businesses. Because they recognize the role the city can play in developing customers, the bank association is very supportive of KEDS and ready to support business trainings. They were very supportive of KEDS and felt that KIST research was very useful to them in that it showed the areas/ sectors that would be good to finance.

M. Louise Mujijima, Director of the Master Plan for the City of Kigali

I met briefly with Louise Mujijima who developed the Master Plan for the COK. Louise knew very little about the KEDS. One reason that KEDS was funded was because many felt that the Master Plan did

not address issues of economic development in the way that it should have. Still, there is no real integration of spatial and city planning issues with economic development issues and the two offices are not coordinating.

N. Immaculae Habiyambere – Executive Secretary to the Mayor

Immaculae Habiyambere was the second coordinator of KEDS. She now holds a high position within the COK. She is well respected, has extensive networks and is able to accomplish a great deal within the established networks in Kigali. Immaculae seemed to understand the importance of developing an OED but had many priorities in her new position. She admitted that she had not given it enough attention in the past few months and that she had not helped Tharcisse to strategically move forward in the development of the OED.

V. Outcomes and Next-Steps for KEDS

A. Outcomes

It is difficult to define concretely what the outcomes of the KEDS project have been as of yet. According to Ernie Leonardo, the KEDS project is intended to be a process for the public and private sector to decide the future of the economy as well as a road map for future development. Regarding the first objective, the city did form strong partnerships with stakeholders at all levels and sectors during the development of KEDS. The challenge, however, has been to maintain those relationships. Many of the CC representatives stated that they were involved in the process but had little understanding of what the KEDS coordinator was currently doing and whether the strategy was ever used.

As a road map, the strategy has probably been more successful. During the course of my interviews with government officials, they often cited particular private and donor investments at various stages of development that they felt were direct results of KEDS. However, I did not find any concrete evidence that the existence of KEDS nor the relationships with various sectors that the city might have developed as a result of KEDS influenced investors in any particular way. Investors and donors may have been impressed with the way that city officials could articulate economic priorities. But they were seemingly unaware of the KEDS project. Still, the projects and investments are important developments for the city economy to varying degrees. They include:

World Bank Urban Development Project: This project involves the investment of \$7 million over the course of three years for urban development Kigali and in five smaller towns in Rwanda. A pre-identification team found that the city ‘knows what they need’ and has the infrastructure and capacity to support the project.

Rural Support Project (FAO)- This project was a result of a visit by the Mayor of Kigali to the city of Rome. There, he met with FAO officials and devised a plan to create a wholesale agriculture market at an intersection where roads from the rural areas intersect. Under the terms of the project, it must be 60% privately owned. While there has been interest in management of the project, finding investors for construction has been difficult. The project has since been expanded FAO has promised \$3 million for its development. The activities of the project will focus on high economic value projects (i.e. Fruits and poultry which are in high demand,). The project will focus on:

- High economic value products required by the city population;
- Strengthening capacity of farmers (i.e. building associations);
- Nutrition—(balancing high economic value with nutritional value);
- HIV/AIDS- (i.e. animal production for people living with HIV/AIDS).

While the KEDS coordinator has been instrumental in writing this project proposal, I had the impression that this was a top-down, controversial and politicized project. This project has taken most of Tharcisse's time since the development of KEDS; yet, it is not attributed as a success of the OED.

Arts/ Cultural Center: This Ministry of Commerce has been writing terms of reference for rural sector support to promote people working in arts. They hope to make a cultural center where people can sell their arts.

Factory/ Chinese investors: Chinese investors have chosen to build a factory in Kigali that will employ 3000 workers. The city was able to give them land because it was in their priorities under KEDS.

High labor intensity reforestation project: This project is a new initiative and will be in conjunction with the city of Geneva.

Infrastructure Development: The city of Kigali is currently negotiating with the government of Canada for an infrastructure development project including road and ditch construction, reforestation, and school and health center construction.

Privatization: The city is in the process of privatizing many businesses including the public markets, billboard advertising, street parking and city bus parks.

B. Next Steps

Tharcisse Dusabe and Joseph Bahenda identified two primary next steps for KEDS:

- 1. Develop the Office of Economic Development (OED):** Because of the city's limited resources, the development of the OED has been extremely difficult. Currently, the coordinator has an office and a computer. But he is alone in trying to direct the OED and make it a priority. The city officials above him are spread thin with a variety of priorities and initiatives. Often, the mayor's office uses the OED coordinator as an extra hand to develop a proposal at any given moment. The coordinator must be able

to raise funds to justify the existence of the OED. But he is in some respects caught in a catch 22. In order to raise funds, he needs some capacity in his office. While USAID supported these efforts for six months, the funding is now up. The coordinator must develop a more holistic action plan for the OED as well as organizational structures, budgets and missions and objectives for the office. They would like to develop a fiche de Project (database of projects) so that donors and investors can access projects that match their priorities to the city's priorities.

2. **Design Marketing Plan:** Designing and implementing a marketing plan to in order to raise awareness about the strategy was identified by Joseph and Tharcisse as imperative first steps. Tharcisse had produced brochures and published the strategy in a local newspaper. In the 6-month work plan for the OED, they outlined strategies such as t-shirts, radio ads and billboards.

VI. Findings/ Recommendations

A. To the COK

- While improving, capacity in city government is still low. The city of Kigali must be able to juggle all of the priorities of each donor, in each sector and for each geographic district.
- Since the development of the KEDS strategy, most of the stakeholders are unaware of what has been taking place in the city government regarding implementation. It is important to continue to find ways to include stakeholders in the process of implementation. The strategy is very global in perspective. Now is the time that people can come together to develop sector strategies. Writing a short newsletter of recent activities regarding the development of the OED is another way to keep stakeholders involved. The newsletter would also be part of the marketing strategy. The OED could facilitate roundtables about specific issues to maintain the partnership approach.
- While the above suggestions encourage stakeholder involvement, they also serve other functions. First, they are in line with the KEDS six-month work-plan strategy of marketing. While Tharcisse has done some marketing, it has not been with a clear purpose, nor has it been targeted. I discussed with Tharcisse that 'marketing' does not necessarily mean 'advertising' and we came up with a list of strategies.
- The city of Kigali needs to further clarify for itself what the mission and objectives of the OED should be. I believe that the key reason that they are having difficulty finding funding is that they are not sure themselves why the OED should exist.
- KEDS and the OED are not operating in a vacuum. There are a variety of other initiatives and strategies taking place at the city and national level. The KEDS coordinator should continue working with the coordinators of these programmes and strategies to ensure focus during implementation and

to minimize duplication of effort. These strategies include three at the national level and two at the city level:

- City Council 8 objectives at City Level
 - Master Plan at City Level
 - PRSP at national Level
 - Vision 2020 at national level
 - National Investment Strategy (NIS)
-
- I spoke with Tharcisse and Immaculae about how to develop the OED. We spoke about the importance of developing the infrastructure of the office. However, this is difficult to do without showing some successes that the office has had. For this reason, it is important that they consider “small wins” that they could do with little resource investment. These ‘small wins’ must be seen by people as successes of the *OED*—not of the mayor or the city in general. The potential promise of funding from CARE seems a perfect opportunity for this. For instance, conducting a business training with the National Association of Banks seems a perfect opportunity for the OED to demonstrate what they could potentially do with greater resource investment.
 - Tharcisse, the current KEDS coordinator is hard working and dedicated. Unfortunately, he is not as well connected politically as the past coordinators. He simply doesn’t have the political capital to make the OED a priority. The prioritization and direction must come from Joseph and Immaculae. They also need to empower him more within the COK government and help him to build his networks outside of the city government. The fact that Tharcisse had a very difficult time making appointments for me was a very good indication of the weaknesses of KEDS and of his ability to gain people’s attention regarding the OED. As mentioned previously, because the city government has so many priorities and is so strapped for resources, Tharcisse is often called on by the mayor for last minute initiatives that may or may not be relevant to KEDS. Even when they are relevant, they are not seen as a success of the OED, but rather as an initiative of the mayor. The Rural Support Project with FAO was a perfect example of this.
 - The materials developed under the six month USAID contract regarding the development of the OED were poor in quality. The budget, priorities, organizational chart, board development plans and action plan for the OED which were written as deliverables on a USAID contract, I believe were done ad hoc. These documents are critical for establishing a roadmap for the OED and should be re-written.
 - The KEDS strategies are broad and must be further defined. Many of the stakeholders expressed an interest in engaging in this process. The KEDS coordinator should make project proposal writing a priority. Tharcisse and Joseph did speak about creating a fiche de project that could be accessed by

donors. This database of projects should be clearly cross-referenced with each of the KEDS strategies.

- Tharcisse Dusabe should work closely with the NGO coordinator at the city level to encourage NGOs to use KEDS and the KIST research in their strategic planning.
- For each strategy/ recommendation, the EOD should be able to speak to how far they have come, what projects fall into that priority. These progress reports should be included in communications to stakeholders.

B. To USAID for Future Strategies

- Work more closely with cities to identify stakeholders during the initial stages of the process and supply funding so that more stakeholders can be included.
- Place more emphasis on identifying implementation strategies and project selection once the broad strategies have been written. Plan to support the implementation phase at least for six months to a year after the development phase. This, I believe will have a high return on investment and is the little bit extra that is needed to jump-start successful implementation. This is especially critical for newly formed local governments such as the one in Kigali. Certainly, cities must realize ways to fund economic development activities from their own revenue base. But this is also a process, as is developing an OED.
- Do not fund projects that are not supported by the country missions of USAID. If they don't support the development of an Urban Economic Development Strategy it will be difficult to get others to support it as well. USAID/ RWANDA seemed to have other priorities and didn't know how (or have the time) to direct the OED. Of USAID, one of the stakeholders said, "it is like having a child with no way to feed it."

C. Lessons Learned for Future City Strategies

- More civil society representation (PLWAs, women, youth and different levels of poor). It seemed that the term, 'the poor' was being used by the KEDS planners as a very general term for a wide array of stakeholders. Antwani Kiroha, the 'representative of the poor' was a middleman who bought and sold used cloths wholesale. He was one step above the majority of the population of Kigali who are informal sector retailers. While Antwani's perspective was important, the retailers would have different priorities than the populations living better than them. Also, those living in the more rural districts of Kigali would have a perspective that should have been heard. It was clear that the city needed to expand their definitions of poor populations and include representatives from populations

that would have different economic priorities. Also, there could have been more representation of woman, youth and other marginalized populations such as survivors of the genocide.

- Involve those who are engaged in the development of national strategies (PRSP, Vision 2020 etc) to participate in development of City Economic Development Strategies.
- Make sure that strategies are within the purview of the city. One concern I had was that many of the implementing activities of KEDS were not in the purview of the city. For these things, Joseph says that it is important that they are listed as implementing activities so they can help to influence the “lead agency.” I explained that by having a task in the document that they couldn’t do themselves, sets them up for failure. For example, one of the activities states, “Plan/design and build” an airport infrastructure. It would be better to say, “influence X to plan/ design/ build...”

APPENDIX 3 – Notes from Field Visit: Livingstone, Zambia

List of Key Interviews (in chronological order)

6 January 2003	Joy Ndwandwe	US Agency for International Development, Pretoria, South Africa
7 January 2003	Sidney Watae	US Agency for International Development, Lusaka, Zambia
	Chris Muyanda	US Agency for International Development, Lusaka, Zambia
8 January 2003	John Kapumpa	Livingstone City Council, Deputy Director of Administration
	Beauty Moono-Chengala	Zambia National Tourist Board
9 January 2003	Margaret Whitehead	Livingstone City Council, Councilor
	Gill Staden	Livingstone Advisory Board
	Ronnie Parbhoo	Finta Dairies, Managing Director
	Clement Chisanga	Livingstone City Council, Director of Planning
10 January 2003	Harold Mweene	Ministry of Tourism, Regional Tourism Development Manager
	Joseph Jambo	Livingstone City Council, Councilor
	Emmanuel Mutale	DBA-Live
	Percy Chabu T. Bwalanda	IESC
	Ruth Henson	Zimba Livingstone Farmers Association
13 January 2003	John Airey	Sun International/Zambezi Sun, Hotel Manager
	Geoffrey Arthur Harrington	Livingstone City Council, Councilor
	Joseph Mwanda	National Airports Corporation
15 January 2003	Fred Mwendapole	Livingstone City Council, Mayor
	Christina Chisembele	Veterinarian (Livingstone)
16 January 2003	Evans Mulonda	Zambia Wildlife Authority
	Lisa Mwinga	Zambia Wildlife Authority

Key Notes from Selected Interviews

1. Chris Muyanda

- Tourist potential is high, need to encourage businesses to grow, to encourage more investment
- Advertise
- Once tourism grows, need to develop linkages, need food (eggs, milk, beef, tourists need this)
- Agricultural industries should be boosted: Milk, Poultry farming, Fresh vegetables/horticulture, Wild foods (begin to collect and promote this)
- At present, mostly imports in agriculture
- USAID in L'stone: need to
 - Develop business – capacity of people in L'stone; need small businesses linking with foreign investment; USAID supported development of DBA...the city has been a key target area for USAID/Zambia
 - USAID has a cooperative agreement with IESC of USA (last 2 years, just ended) – linkages program, bringing in US and regional field experts to work with businesses in L'stone...“to have a business city that functions,” “to make the city tick”
 - Agriculture: because it is a low rainfall area, begin to promote drought-tolerant crops (sorghum, millet, cassava) and encourage villages to market wild foods
 - Crop diversification – legumes
 - Dams to trap water – can do a lot of production throughout the year...expansion of the tourist center has meant a ready market for horticulture crops but need something else
 - Green market
 - Despite fact that people have cattle, not marketing this...establishment of milk collection centers (cooling stations); villagers can now cool their milk, it will remain fresh for a few days and there is a market for it (Finta – dairy processing company)...Finta contributes the market!! Need to teach small farmers standards required for international business...partnered with CARE...can capitalize on large cattle population in Zambia...establish milk stations using solar power...smallholder milk not yet replacing imported milk, still far from that but the opportunities for smallholders are huge
 - Lusaka – AgriFlora – smallholder vegetable exports to Europe; volumes of money has generated more than the milk but milk may overtake this (untapped potential there) and arable land all over
 - Multi-sectoral response to HIV/AIDS (democracy and governance link up)...road from L'stone to Namibia is developing
- Education – need for more training; government education system was very good until about 15 years ago; recent rise in private education system, the quality of which has surpassed public schools
- Resources aren't there – decreased copper prices, decreased copper production; no cash flow
- Need for economic diversification
- Honey = next stage for Chris!!
- Livestock diseases – incentive from enterprise to invest in animals, better breeds wanted by smallholders (more milk, disease-resistant); farmers are now asking questions about how to protect animals and are forming business co-ops (to find common solutions as a business group)...milk model has a market and consultant center for animal health...each milk station has a vet assistant to help with animals – making milk stations SUSTAINABLE/proactive (USAID approach = enterprise)

2. John Kapumpa

- “Communication is a luxury”
- Police at the city council offices also on strike; building was shut down entirely so even managers couldn't come in to work
- Lots of people not paying taxes; lack of an enforcement mechanism
- EPZs are just a strategy
- Zamtex closed last week; used to be 40+ textile companies in and around Livingstone, only 2 (now 1) have survived

- 3 hotels planned by Sun International, lots of government bureaucracy...only 2 opened

3. Beauty Chengala

- Sun's occupancy has not been very good
- Since 2000, no tracking of tourism in Livingstone
- Flights and visitor arrivals have increased
- Complements to increase in tourism (guest lodges)
- May-October=best time
- Senior management of Sun from South Africa
- More guest houses are coming up, lodges also
- Zambia strategy: road shows (three in Europe) with presentations to tour operators and three other shows (Stockholm, London, Africa Travel Association's show in Morocco)...Livingstone is hosting their May 2003 conference, which should have a lot of Americans (at Sun Hotels), trying to build it up as a tourist destination
- The Board is part of Ministry of Tourism...government-granted organization, formed by Act of Parliament by 1979 – tourism and marketing
- Activities with LCC – operations: get and through local authorities (state chiefs and state lands)
- Investment Center – charged with attracting investments, ambassadors for Livingstone/Zambia
- Board's work is more or less FACILITATION
- Capitalizing on instability on Zimbabwe
- Facilitate travel media, other travel stories (BBC, South Africa to publicize)
- Increased documentaries because of Zimbabwe
- Would like to do more marketing, funding has not changed in many years, though (Board is grant funded) and have had to close some offices
- Infrastructure and communication are major constraints
- Airport was reinforced because of an expectation of increased flights
- Need to invite private sector to all shows
- Travel writers were brought in by the Board
- With councils, deal with issues of standards (health as a concern of local authorities, permits and liquor licenses) so do joint inspections with LCC (disjointed in the past but stronger now) working to one-stop shopping (to stop fragmentation: ZWA, World Heritage, Board, LCC)

4. Councilor Whitehead and Gill Staden

- Implementation Committee working, stalled by strike (11 selected and approved by LCC, 1 Aug 2002)
- Looking at things that workshop thought the LCC could do solo – members in include: mayor, chairperson of financial est. committee, chairperson of development committee, town clerk, director of city planning, director of engineering, director of finance, secretary of advisory board (Gill); chair of LTA, water company, chairman of Livingstone Chamber of Commerce
- Doubts that Zambia can compete
- EPZs = just an idea, earn foreign exchange and provide employment; tried to ask president about tax-free zones (heard Livingstone was taken off the list, president answer about EPZs)
- EPZs are still a priority of the central government, limited to a few factories (have to be exporting 80% of products); can lodges be considered in this category? On tourism board's list of things to do
- Tourism as a catalyst for other positive economic changes...people at Sun Hotels don't come into town, though (not encouraged by hotel to come to town)
- Sun: 2 scales of pay (South African and other) but does pay rates to LAA (rates=local tax on property, major source of income for LCC)
- Infrastructure: repairing roads is expensive and LCC is bankrupt!!! Council is bankrupt...roads are usually done centrally (National Roads Board)
- World Bank projects to do work on major roads but wont help local people

- Local residents repairing roads on their own on Saturday
- Timber = too much exported, national government issue
- People going to Zimbabwe for food and fuel
- HIV: 31% of pregnant women from clinics...slow death, losing economically active people

5. Ronnie Parbhoo

- LCC strike – no one missed them; water and electricity are privately-owned; city-planning, garbage, development = LCC
- Garbage collection – have become self-sufficient
- Problem with garbage in compounds, outskirts of Livingstone
- Whatever LCC does is in the compounds
- If infrastructure developed, will most people be able to pay
- 5% pay taxes (80 Indian families, 30-40 white families)
- Dairy – used to import all milk; section of small scale farmers to produce milk
- USAID – dairy development projects, recently milk collection centers, exists in villages (health standards)
- FINTA – didn't have capacity to invest in villages, but they can guarantee the market, PARTNERSHIP
- Some successes 4-5 collection stations
- Cooling stations: 60-100 farmers; co-ops of farmers bringing milk to cooking stations, in excess of 1000L, which is enough volume for industry
- 25-30% of Finta milk from Zambia cattle, the rest is powder
- Salaries use up too much money, will never have enough for social services and infrastructure
- Wipe slate clean, re-employ core staff (employ as needed)
- Direct and indirect benefits from Sun
- Employment, mostly from Livingstone
- Employees spend money in town
- Downtown on Zambia side not close to the falls (downtown on Zimbabwe side is walkable)
- Shuttle to town, should have that at Sun
- Abattoir – market for peasant farmers (growth area)
- Kubu Crafts
- Green Market - farmers trying to encourage small scale farmers, quite organized
- Milk collection in India

6. Clement Chisanga

- Livingstone was never meant to be a tourist town...tourists started coming in the 1950s and 1960s and coined it as the tourism capital of Zambia
- Tourism, though, can never be the main industry in town
- Sun Hotels showed investor confidence, before them it was really bad – apart from Finta (1996), nothing major just cross-border trading
- Other lodges followed after Sun Hotels (+ Ocean Basket and Hungry Lion)
- Cautiousness still – investors must pay a lot up front
- Strike of city workers – December – all shut down
- Legacy of local authorities in addition to many inefficiencies; self-sufficiency was the intention of the central government but no grants (money not really coming through)
- Strategic Planning Workshop – could do with own resources but needed more funding
- Valuation roll not since 1995, only charging a flat rate, hoping to do it this year (get real value on property)...when government makes available monies
- Enforcement for taxes = last resort, warrants of distress (people who fail to pay tax)
- Resistance on part of citizens because they have not seen much activity
- When LCC shut down, only direct effect was cleanliness of city center
- Want to start garbage collection in compounds...just have mounds, hope to put mechanism in place – setting aside money for service provision, need to show public something

- Infrastructure – heavy capital costs; as a council, need to work on maintenance (haven't done a good job)
- Road Sector Investor Project (Road SIP) – national project
- Under SEED, road that have been targeted are tourist roads
- Proper rehabilitation of roads – lacking; hope that local roads will be covered by Road SIP (hoping next year from central government, lobbying through Ministry of Local Government)
- Sending information to central government but nothing back
- Has nothing to do with political party, lack of appropriation goes beyond politics – have to fight a lot
- Road not good from Zimba
- Airport runway reinforced 2x – national airports + EU money
- Last 5 years, population of cars has almost doubled, buying from Japan and South Africa
- Taxis have to register – United Transport Taxis Association
- Communication – Zamtel trying to improve system, don't know why taking so long, Celtel service is not so good there – Celtel is fully private; Zamtel is quasi-government
- No drastic change after Sun hotels, before hotels, a lot of anticipation – people got hopes up. Sun scaled down their projects and number of rooms; amount of people they employed was also less than expected
- “When reality dawns, you cut to what you can manage”
- Sun pays rates, don't know what breaks they have with the central government
- Apart from employment, haven't gotten much from Sun
- Produce – small farmers. Potential?
- Need to build up capacity locally, probably will not work
- Green Market, supposed to start building, money has not come
- If they sort themselves out, maybe Green Market will be good in 5-10 years; right now, Sun imports from other districts and South Africa
- Zimbabwe political situation affects Livingstone
- IT – Finance has changed from manual to computer system; under SEED supported to be a follow-up, need staff training to use computers
- 2 computers left, not being fully used
- 1st World Bank project is just IT around Zambia
- 2nd World Bank project – just Livingstone, consulting hasn't finished, hoping to present costs to WD by June, hope to start implementation in second half of the year
- Internal audit would probably decrease size of work force
- Officer for local economic development; development control position as well
- Zambia Social Investment Fund – funds from donor agencies for community-based projects (schools, police): “government cannot maintain all infrastructure”
- Private/small business – some areas that private sector will not go in; LCC encouraging contracting out in the future; staff that is retrenched can they make their own small companies and take on contracting business/demands
- IESC – building capacity in terms of skill, no monies though, one thing to train people but capital was not forthcoming
- Former textile owners – sitting and waiting, so many empty buildings, just warehousing as a potential idea
- Finta – “more innovative” but doubt that others have ideas flowing, would rather sit and rent out but aren't very aggressive
- “Irony of Livingstone” potential is there but things that hold people back
- Not everyone is fully vested in developing Livingstone, willing to move if things get worse
- Additional potential: agriculture, timber, internet
- Not going to get the huge industry, service industry to serve hotel and lodges; Sun is its own world, though new manager is more embracing of Livingstone
- LCC – part of agenda to improve tourist attractions but most buildings are in private hands, make more interesting things for people at Sun to come into town for
- Regional priorities – world economy demands that you be economically versatile, lots of rhetoric behind agriculture, only now because mines have gone down is there talk of privatization – wake-up call

- Fuel and electricity – public utility; electricity: generator – Livingstone is cheapest, cost to consumer is expensive (making industry not competitive) trying to move a little to private hands, electricity collection system is not very fool-proof...fuel: expensive, cabinet is trying to decrease the costs, people driving across to Zimbabwe and Botswana, driving more or less on “E”
- AGOA – cautious; Zambia is weak in region; Agri-Flora has picked up; livestock – being able to acquire increased animals, right kind, right breed...southern province has gone through a lot with disease and livestock...bet, improvement of milk product, farmers help with cattle breed, capacity)...mass production, lots of people have lots of land but are only using so much...cultural and historical obstacles to changing farmers’ mentality about quantity of output) so lazy as I have enough for myself...) don’t see a big customer like Sun and wonder about tapping into that! Loans, government trying to make it easier to borrow but has been difficult, most loan schemes are prohibitively expensive...need to develop schemes to assist farmers (access to money is a lingering problem), need to develop the view of a farm as a business...had agricultural co-ops in the 1970s but dies as decrease socialist and increases of capitalism (but they are coming back...gives farmers a safety net, more say as a group)
- Liquidity: can be turned around especially if financial systems are upgraded – need to get money and ensure that it is safe...don’t have information on who loves where (could help with updating rates/rates collection)...highly-dense populations in compounds...need to work mental attitude of staff/work ethic (no motivation)...inefficient collection mechanism...staff wants to get paid but wont do their work, not productive therefore money may be there but not being collected
- Council Assets: moving asses (vehicles, refuse trucks – need to work out a system for these, though)...staff if the attitude thing can be overcome, possible that city workers will strike again
- Council Constraints: central government – might as well forget about it; need to get people to invest in tourism aspects (with tourism, there will be other demands)...only now locals are trying to build up business, but it isn’t a lot...this part of Zambia are not made of businessmen...HIV
- Central government gave Sun too many concessions; employees are circulating their income in the local economy

7. Harold Mweene

- Office established in 2000 as part of ministry of tourism’s efforts to decentralize offices, restructured to spread out operations
- 4 regional offices, aimed at linking with local authorities to see how local tourism can be coordinated and developed
- Supposed to work closely with LCC Planning dept – gaps between theory and practice
- Dept. of Planning should be mainstreaming tourism activities, still lots of independent activities
- Supposed to have discussions with the LTA (which is private but membership is open)
- Expect Sun to advertise more than their entity in brochures
- Need to encourage visitors with information
- Lodges – costs to advertise are too high for them, need to convince them to be partners in marketing
- Financial capacity is lacking so they worry about themselves first
- Running a business in Zambia is risky not always profitable, government giving in so they can keep private sector in Zambia, trying to develop stricter policies around curios that aren’t original
- Generally, not just tourists products but others that are imported from South African and Zimbabwe
- Capacity to produce resources and raw materials related to tourism
- Zambia as a country is difficult to invest – have to work with ministry of finance and ministry of tourism
- If investment is substantial, will have big impact on the economy, government often gives waivers (informal policy if business will strongly impact economy)
- Sun has a tax break for 3 or 4 years
- Training: Hotel and Training Institute in Lusaka (HTTI)...increase in demand for enrollment, competitive to get in; half private colleges are also getting in but they are controversial because they don’t meet all the training requirements...HTTI plans to open a satellite office in Livingstone, need to secure land...”Zambians have realized value of the industry”

- Airlines: MoT supporting them, without an effective transport system, no city will functional want airlines to be given favorable conditions...road from Zimba, plans to extend road; ministry of works and supply (they do the building) have ensure MoT that road will be extended
- Zambia Railways – takes more than a day from Lusaka to Livingstone, has its own problems and is trying to privatize
- Would love to have a master plan to guide development in Livingstone
- “City not growing in the manner in which one would want it to grow”

8. Councilor Joseph Jambo

- Since workshop, not much has happened in terms of set goals and actions
- Garbage collection: only success so far, namely because of refuse tricks...have had help from NGOs; before refuse trucks, did clean city center and markets (had local help for this)...designated areas in city center and compounds for refuse
- Water: nothing has happened, need to have old pipe replaced; he also received a disconnection notice – don’t have money to pay! Sending notices so people will pay bills...not many are paying; people would be able to pay bills if bills were not so high...water company is subsidized by GTZ, they always have losses
- Roads: LCC hasn’t done anything; need street lighting; world bank money – have only selected tourist roads; no footpaths, no road signs, no lights...only solution to consider (Harare)...high lights that light whole streets and surrounding areas
- Social amenities: “tricky for a poor country;” lots of park areas in town, nothing in parks though. Takes too long to get help, in 2 years, people will have forgotten about the workshop...the LSS has money, backlog of arrears, if those are cleared, then LCC can do certain things (debts, salaries, if cleared from revenues, then LCC could do something)
- Budget for 2003 = K5,000,000,000 (hope to collect)
- This council can raise its own funds – old problems that cause trouble
- LCC has lost sources of revenue and has financial hurdles...another strike is expected in April, which could be longer than a month
- Tourism: lots of potential, but LCC has not been able to work quickly (lots of lodges haven’t paid their rates for 2001 and 2002)
- Maybe this year valuation roll will be updated
- Livingstone has been growing fast for last 2 years, if council could work diligently...need someone to do records

9. Emmanuel Mutale

- Sent 2 submissions to Clement to discuss specifics of financing from the business community
- Funding for small and medium enterprises; no specific feedback from Lusaka; financial assistance needed was on smaller side for businesses
- Green Market has stalled: LCC gave them land, been promised about \$50,000 for the market, hoping to work with funding - market is still an idea...Sun has indicated that they may provide some money, asked for some valuations
- Proposals to LCC about services that they can provide the council with (outsource from DBA Live) – auctioneering, debt collection, consulting, training, repairs and maintenance (water and sewerage, engineers)
- DBA has 400 members (micro, small and medium businesses)
- DBA has aboard and one full-time employee (coordinator)

10. Percy Bwalanda

- Logistics are a problem at LCC
- Some things didn’t require \$ but still didn’t get done – not possible to get manpower

- Workshop identified what needed to be done with resources and necessary financing; actions that didn't require much in the form of inputs
- Livingstone Women Make a Difference – getting them off the streets, sweeping the streets (private sector chipping in to buy clothing, beverages and brooms – only incentive)
- Town Clerk did not come in permanently until the late fall, no one running administration – mayor was like an executive mayor (stumbling block)
- Water – separate Livingstone from the rest of the province; not fair for the town bills to increase and be redistributed to towns with a much smaller population - hasn't happened yet, though
- The workshop “built a sense of unity”
- IESC – improve marketing of LTC, same stakeholders and similar sentiments as April workshop
- Task Force was set up – implementing committee...can work with council on street lights and signs (was a “brainstorming task force”)...if you have a street light, you buy the bulb and the council will pay for the electricity...task force is open to all, communicated by word of mouth
- Contractor from USAID – intermittent activities, local person to do a periodic review, on/month, to maintain spirit and momentum...formally get people together

11. Ruth Henson

- LCC attitude not helping very much...Advisory Council is trying
- Tourism is not enough
- Long-term problem of people going to Zimbabwe
- No one is interested in local produce
- Not enough people to get Green Market going; mix of small and large farmers, small ones don't have the quality, etc. to participate
- Sun at the outset said they would buy ALL locally – many broken promises – to get in they promised a lot
- Sun only buys eggs locally when their truck doesn't come in from Lusaka...cannot build up supply when they aren't going to demand consistently
- ShopRite is the same – butter, buy from local farmers and then say local butter doesn't sell...local farmers are fed up with both Sun and ShopRite
- Constrained by high temps in October and low temps in April
- Fairway (largest vegetable market) – previous owner used to have periodic meetings with suppliers, trying to coordinate farmers – certain crops that if 2 farmers plant, they flood the markets (i.e. the demand for leeks is small)
- Farmers are living hand to mouth, even time and money for organizing are hard (desperate now)
- 70% compounded interest rate in Zambia; government is the only one who borrows from the bank...banks are not interested in small farmers; if government lends money to farmers, they don't get the money back – would be better if government not involved
- Potential with international airport to get into export market but question of scale
- No farmer in area that can do this independently – potential as a co-op but expertise is lacking...too much on tourism; city's economy is fragile...
- Public-private: great scheme = April workshop, really positive reception after...communication is crucial

12. John Airey (Zambezi Sun)

- Sun project was 7-8 years in the making
- Still some people who don't believe that the 2 hotels aren't worth it; ROI not to great (expected 80%, actually 35-40%)
- Guest from South Africa, Europe; international marketing – do a lot, ignorance, though, about the property plus worries because being neighbors with Mugabe
- Infrastructure also needs to be there
- Put up street lights when president comes to town, take them down after
- Sun doesn't like its guests to go into town

- \$800,000 dry stock in town – can take up to 6 weeks to get truck from Johannesburg; try to promote local market as much as possible (problems with quality, variety and consistency)
- Locals don't really care about being fired
- Sun trying to do more to get involved in the community...Community Services Committee and Solutions Committee...building a sports club for the staff in town...adopting a school, how to enrich kids' lives, at what stage (high school)...min-hotel school, final 3 years to be focused on hotel management, subject focused on hospitality industry so they leave school with more grounding (trying to help the school, not much responsiveness, though)
- Don't bring in many from HTTI
- Herb garden in report, looking into a hydroponics plant there too...have had to organize all service provisions independently
- Potholes in the road – filled by Sun
- ShopRite/Sun/Finta – asking Finta for water, fresh milk/cream/yogurt, then ShopRite also asks
- Staff buses – 2 buses
- Always money for beer
- HIV – river guides; American women and German men
- His family: looking for produce in ShopRite, dissatisfaction – ready to end 3-year contract
- No innovation, economic diversity

13. Councilor Harrington

- Investment in any form is welcome but inst necessary in Livingstone
- What is needed: Livingstone ha a lot of promise, excitement, potential growth with regard to tourism, need to be cautious, influx of people from Copper Belt; keep Livingstone as it is – restrict numbers that come in, select investment more carefully...opposed to further industrial development, expanding industrial base will bring problems that LCC cannot handle...if keep Livingstone as is (160,000), LCC can provide...tourism can sustain...people shouldn't just enjoy the falls, should enjoy social and cultural environment as well
- If Livingstone stays small, it can improve
- Small council for a small city! Don't have the resources for expansion, further growth; don't have the capacity to provide for people now...LCC as licensing authority, can discourage people from coming here
- Doesn't really know about other potential; thinks tourism can be unlimited (compared L'stone to Barbados)...have capacity in place to encourage tourism
- Proposal to decongest city center; disallow certain businesses and promote others...even though money is tight, bars are busy...need to have incentive to come to center to see how people live
- Crime has been small but is growing; if not careful, can get out of hand
- People don't go to big cities for tourism (HIS opinion)
- HIV is a very big problem
- He has ideas but not action plans – they spend a log on alcohol, drink, poor judgment...says no relationship between tourism and HIV...need to invest in long-term skills and education to lead country, not just day-to-day skills

14. J. Mwanda (National Airport Corporation), Airport Manager, Livingstone International Airport

- Developing airport in phases
- Since April workshop, have reinforced the runway (before that the size of aircraft that could land was limited, now can take up to a Boeing 727)
- Work funded by National Airport Corporation
- Received 9million euros from EU to be used in 2003 to further improve the runway by way of extending it from 2.3km to 3km
- Expanding packing area, another taxiway, security, lighting
- Airport is 100% owned by government, but government to have private backing

- Working in partnership with Sun International; and inquiries from other operators (to fly directly from overseas); limiting factor = short runway (need to extend it so medium size/normal aircraft can fly in and out)
- Runway work will take about 2 years, schedule of work has not been released
- “Sun has done a very good job of marketing”
- Since Sun, increased traffic (reinforced runway because of traffic from Sun)
- Nationwide and Zambian Airways
- Changes in town with coming of sun – have seen a lot of changes, business has picked up
- More eating places opened up, more tour operators
- Before Sun, no car hire operators in airport, now there are four
- Employment at the airport has increased; more shops in the airport as compared to before
- Sales for passengers between South African and Livingstone have been on the rise, not really good from Lusaka, though
- Lots of charter flights!
- Work with LTA “ coordination is good”
- Potential for another hotel, more lodges, other tour operators
- If runway was improved, Livingstone could easily become a hub and begin to feed other regions from here: central location, since independence politics has been stable and this should continue; Zambians are good people
- Traffic in the low season is 80% higher than traffic in the high season (June-November) before Sun

15. Fred Mwendapole

- Drawn back by strike otherwise would have made some head way
- World Bank – under strategic plan
- His priority: solid waste management - at one time, no vehicles to go around, relying on people to use their own vehicles in digging around to bury garbage...now have 2 garbage trucks and 2 open vans and a tractor...trying to determine how to maximize use of these vehicles...pilot project in high income areas, asking them to pay for garbage collection and help with service delivery...want to gather as much refuse as possible and clean town
- Water: health depends on water; used to not have clean water, now a company dealing with water and sewerage...certain areas, though, that are not getting water adequately...town designed for 80,000 people; infrastructure in place cannot cope, pipes are broken or rusted (water cannot flow)...water often doesn't reach destination and is therefore wasted...cost of water treatment is expensive, program through German aid to try to rehabilitate pipes...all of this has started...to avoid waste, installation of meters, at present, there is a fixed charge (use as much as you want, pay the same flat rate)...in order to even playing field, need to fix and install meters
- Roads: cleaning of draining and footpaths – continuous; trying to do as much as possible with own resources (to be complemented by WB \$\$)...also need street signs and lighting
- Social amenities: how can improve sports grounds, how to support sports activities, how to improve parks (all of these things are questions to be looked at this year)
- Increase efficiency levels on collection/what can be collected...rates haven't been updated and are costly to update rolls; what comes first: pay workers or evaluate rolls? How to sustain workers/keep morale up?
- Trading licenses, can go door to door to improve revenue base
- LCC is bloated, could cut labor in half
- Under SEED/WB, they will fund retrenchment of workers
- Capacity building/reorganization of LCC – keeping and getting qualified people (internal audit)
- Encouraging small business (DBA is organizing small workshops)...in Zambia, the problem is financing, so many people want to go into business but the system is not conducive to new businesses (banks are only interested in people who already have money)...donor assistance in this areas needs to be intensified

- Tourism: Livingstone used to have lots of business related to textile industry, which shattered in the late 1900s, employment then became a major problem...emphasis, therefore, is now on tourism . . .SEED project is important because of tourism
- Luck with Sun hotels, needs some others that are less expensive, though – lowest price of room is out of reach for most Zambians, need to work on boosting local tourism by making it more affordable
- Improve on road network, infrastructure to attract international visitors
- “As a Council, we are spearheading acquisition of those things [infrastructure] to play a major role in the development of tourism in Livingstone”
- L’stone is a combination of tourism, farming and manufacturing; need to have “supporting ventures” cannot rely on tourism alone
- “We have a lot of farmers around here, that is an advantage we have”
- Breweries, Finta, timber
- Support many ventures, then “we can increase employment”
- Once Sun hotels are doing better, there could be more demand for farm produce (Sun has employees, farms will need employees)
- Farming – how do farmers produce on a mass scale? Everyone trying to do what he can manage efficiently
- Assets/resources: property tax (biggest resource) – if billing system can be improved...billing system should be up to date soon
- Central government supposed to be supporting councils throughout Zambia on a monthly basis
- Need to pay workers
- Councils used to have a lot of properties, previous government gave them away...totally broke in council: “where we were dependent on, we were stripped of our assets”
- Pressure on central government to settle debts, looking to this year’s budget
- Workers resumed work from strike because of Sun
- Government has to promote tourism; our friends in Zimbabwe did well because they spent a lot of money promoting tourism (while Zambia was focused on mining)
- He wanted to know if more money was coming from USAID!!
- He is trying to fight for 2 things: improving economic activities and fighting HIV/AIDS
- “Effort to build relationship with mayor of Victoria Falls” – they have met a few times, need to find a way to work effectively with Vic Falls as their problems are the same

16. Christina Chisembele

- Cooperate with Finta to educate farmers to increase their milk production
- Not very systematic operations (decreased funding) (funded by central government, some money from donors)
- Signed agreement with CARE and ZATEK – disease control aspects (no system, no funding)
- Vet assistant stationed in Kazungula, goes to farmers’ meetings, helps with vaccinations, feeding, improving breeds, some specialized training
- Milk production has increased a great deal
- Intention to improve cattle now
- Feeding difficult because of climate and terrain
- Heifer Project International – cooperative also supplying to Finta, started before Kazungula
- Lots of backward poultry keepers, a few commercial farmers for eggs (2 big ones)
- 75% of L’stone and around have some livestock
- Livestock –as a way of life
- Vaccine sales have been good, still a lot of work to do
- Chickens – a couple disease, usually don’t allow people to move chickens to Lusaka
- People responding in terms of rabies vaccinations, rabies incidence in L’stone has decreased (more people are taking responsibility for their animals, but taking care of animals is expensive and economy is bad)

- No formal policy or enforcement of vaccines, just “fire brigade” kind of activity (Vas educate/meet farmers to talk about disease control)
- Vaccines are locally manufactured from Lusaka; not too expensive to vaccinate
- Kazungula: complaining about transportation to Finta; few complaining about getting paid too little (complaints only after being stabilized) – now there is a market! Start complaining now but they are getting a good amount by village standards
- Have to see a reason to look after animals; makes her job easier –they see why you are telling them to do things
- Chicken feed is expensive

17. Evans Mulonda and Lisa Mwinga

- Manage park to attract tourists, conservation and management
- 5 white rhinos, monitoring group 24 hours/day
- Under MoT
- Sun Hotels within park management plan (Mosi-oa-Tunya – national heritage land (ZWA works with them)
- Park is so close to them – disadvantages; park boundaries very close to town; people have no regard for the park (throw trash, etc)
- In society, 2 caps – appreciate park and don’t even know why we should have a park
- Private sector is more active...tour operators have been working with ZWA to see how to alleviate drought
- 6,9991 (2001) 8874 (2002) though drop in local tourism
- More adverts on ZNBC re: L’stone (ZNTB paying for these promotions)
- Despite drought, still had tourists
- Emphasize to stick to paths
- Haven’t had numbers that would threaten environmental degradation
- Through Wildlife Society of Zambia and National Heritage to educate local Zambians about parks
- Almost all schools in L’stone have teaches intensively involved in environmental management and wildlife
- Provide officers as guides, work with tour operators

Findings/Recommendations

Over a period of ten days in early January in Livingstone, I met with over twenty individuals, most of who had participated in the April planning workshop. The interviews, including the one with Mayor Fred Mwendapole, were conducted one-on-one, though a few included two or more individuals.¹⁰⁵ The primary objective of each meeting, namely the meetings with those who had attended the planning workshop, was to assess their impression of the workshop as well as to determine how each interviewee had proceeded since April. The workshop and the LED paper identified certain relationships or linkages that could bolster growth and economic diversification in Livingstone. Accordingly, the interviews were also an opportunity to uncover more about the current existence of partnerships and the potential value of partnerships for the city.

¹⁰⁵ The LCC had just recently returned to work after a December strike and therefore the staff was slowly returning to daily operations and activities. Due to the Council strike, no one from the LCC was able to work in December because the Civic Centre offices were closed.

Although there is no formal decentralization paper¹⁰⁶ from the central government, the reduced stream of funding (due to formal cuts in local spending as well as delayed appropriation of resources) has prompted the local authorities to strive and plan for greater self-sufficiency. When meeting with the mayor, the different Council members and Council staff, I tried to end each interview with a question about individual perceptions of the LCC's assets and present resources. The responses varied considerably, ranging from those that described the staff as a strength to several who candidly spoke of it as a weakness and corresponding need to reduce the size of the LCC (approximately 400 people) because the work force is predominantly under qualified and inefficient. The prevailing opinions, among regular residents and within the LCC, was that there was a vibrancy to the city of Livingstone, that people had possibilities but were constrained by lack of capital and waning momentum from the April workshop.

To date, the LCC has not made significant progress on any of the five action items identified at the planning workshop. Following the workshop, the Council formed an Implementation Committee that comprised of key participants from the April gathering, but, in general, not much has transpired in terms of set goals and actions. The Council has acquired two refuse trucks, two open vans and a tractor and is trying to determine how to maximize their use for garbage collection. The other areas targeted as priorities (that the LCC could manage with existing resources – street lights, street signs, water fee collection) have been unattended since April, and the recent strike and the threat of another strike may cause further delays and inactivity.¹⁰⁷

The LCC's bloated labor force, which is replete with unpaid and consequently unmotivated workers, is but one hurdle for effective and lasting growth in Livingstone. The biggest obstacle, for local government, small businesses and potential entrepreneurs, is a lack of funding. In a city where basic "communication [telephone] is a luxury" for the local authorities, the public sector is not expected to lead, creating and necessitating opportunities for public-private partnerships.¹⁰⁸ The LCC is financially drained, and there was a general consensus that the Council was not missed in town while they were on strike. Generally, though, there is more confidence, especially in the long-term, in the momentum of the private sector. Tourism and agriculture are mutually reinforcing industries that could shore up the Livingstone economy. The central and local governments have too many cost centers, with the wage bill being the largest for both. Notwithstanding expenditure outlays for each, there is some skepticism about the sufficiency of current assets and revenue. The revenue base in Livingstone is further plagued because of old valuation rolls and uncollected payments. People are not paying taxes, and the LCC does not have a proper enforcement mechanism to pursue and reconcile with its debtors.

¹⁰⁶ Pending.

¹⁰⁷ Another strike, which could last longer than one month, is expected in April 2003.

¹⁰⁸ John Kapumpa, 9 January 2003.

To date, only a small percentage (roughly 5%) of businesses in Livingstone is paying their rates (property taxes) to the LCC. The two most prominent businesses in the city are Sun International, which owns two adjacent hotels (the Zambezi Sun and the Royal Livingstone), and Finta Dairy.¹⁰⁹ The Sun hotels are about ten kilometers from the city centre and are in Mosi-oa-Tunya Park and therefore quite proximal to Victoria Falls.¹¹⁰ Sun International is one of the few foreign companies that have been willing to invest in Livingstone, but their return on investment has been considerably less than expected (35-40% rather than an anticipated 80%). Investors are required to put a great deal of money up front, which tends to dissuade many would be businesses from opening in Livingstone.

Within Livingstone, there was much anticipation before, during and immediately after construction of the two Sun hotels. Sun International scaled down their projects, namely the number of rooms in each hotel. The amount of people they currently employ is also less than expected. Unlike the parallel accommodation (4/5-star hotels) on the Zimbabwe side of Victoria Falls, the Sun hotels are not within walking distance of the Livingstone city centre. The guests staying at the hotel rarely go into town and are not encouraged by the hotel to travel into town. All arrangements for safaris, helicopter rides, fishing, rafting, or kayaking, can be made at the hotel, and most visitors only see Livingstone on their way to and from the airport. The hotel restaurants, bars and cafes are sufficient for the guests, whose average stay is three to four nights. Two restaurants – the Hungry Lion (a fast food chain) and Ocean Basket – have opened since the opening of the Sun hotels, but neither serves as a complement to the Sun hotels.

Many of the other accommodations – guest houses and lodges – are closer to the city centre, if not within one to two kilometers of the two newer eating establishments or other small businesses like Kubu Crafts.¹¹¹ The costs of the Sun hotels remain out of reach for most Zambians, while the guesthouses and lodges cater to locals as well as foreign visitors. Livingstone needs some others that are less expensive, accommodations somewhere between the Sun hotels and the lodges. The lowest price of room at either Sun hotel is out of reach for most Zambians, revealing the reality that local tourism can only be boosted if it is both affordable and appealing.

Whilst the guests at the Sun hotels, therefore, are not pumping new money into the local economy, the hotels have hired people (mostly locally) who would otherwise be unemployed and who are now spending their money in town. Sun International has also volunteered some of its staff to repair potholes in roads for the LCC and helped to bring an end to the December strike. The hotel has created two committees – the Solutions Committee and the Community Services Committee – responsible for finding opportunities within

¹⁰⁹ According to an official from the LCC, Sun International intended to open three hotels not two. When I asked the manager of the Zambezi Sun about the number of hotels, though, he said that no more than two were ever scheduled to be built in Livingstone.

¹¹⁰ Both the Zambezi Sun and the Royal Livingstone opened in 2001.

¹¹¹ When I visited Kubu Crafts, the owner, upon learning that I was staying at one of the Sun hotels, was quite curious about how I got into town and to her store.

and sustaining contributions to the city of Livingstone. At present, the hotel management is planning to build a sports club in town for its staff (land is already secured) and has made arrangements to “adopt” a local high school.¹¹² Finally, though the hotels import much of its produce and food stock from outside the city and country, Sun International has paired with Finta to locally buy dairy products and bottled water.¹¹³

The Council’s reception to Sun International is somewhat mixed, though. The mayor is quite positive about the hotels, maintaining the belief that as the hotels and tourism grows within Livingstone (with an emphasis on the potential of Sun), other industries in the city will also grow in response to the demands of the hotels. The Airport Manager at Livingstone International Airport shared the mayor’s enthusiasm for the hotels and the infusion of tourists. The airport, which is wholly owned by the national government, has reinforced its runway two times during the past two years and has received funds from the EU (approximately 9m euros) to be used in 2003 to further improve the runway by way of extending it from 2.3km to 3km (the planned extension would allow larger aircrafts to fly into Livingstone). The general increase in passenger traffic requires further development, including expansion of the packing area, construction of another taxiway, additional security, improved lighting.

Moreover, since the opening of the Sun hotels, the number of charter flights in and out of the airport has increased as well as the number of car hire operators (from zero to the current four). Sales for passengers between South African and Livingstone have been on the rise, not though local tourism, namely the number of passengers coming in from Lusaka, has not been as sizeable. Employment at the airport has also increased, and there are more shops in the airport. The airport is partnered with Sun International and tour operators (BushTracks, etc.), all in an effort to promote tourism in Livingstone. The Airport Manager was confident that, if runway was improved, Livingstone could easily become a hub and begin to feed other tourist destinations. Zambia has been stable since independence, which is likely to continue and therefore political unrest is not likely to threaten Livingstone like in Victoria Falls, Zimbabwe.

By contrast, other members of the Council were either less optimistic about the spillover effects of the Sun hotels if not altogether dissatisfied with its effect on the city and community. The central government granted Sun International many concessions before the properties were built. In return, Sun promised a great deal, but many locals, especially the farmers, have been entirely disappointed. At the outset, Sun promised that they would buy ALL locally Sun does consistently buy from local farmers, only when the deliveries do not come in from Lusaka. Most small-scale farmers do not grow enough to satisfy the hotels’ demands. Farmers are living hand to mouth: time and money for organizing or forming a co-op to meet the demands for a larger market (than individual demand) are not forthcoming.

¹¹² As planned, the relationship with this high school would support a mini-hotel school, where the final three years would be focused on hotel management/hospitality industry so the students leave school with sufficient grounding to find work within the tourism sector, specifically within in Livingstone.

¹¹³ Sun International has a warehouse in town that stores \$800,000 in dry stock of food supplies.

Though many people attach great value to the tourism sector – as the private sector industry that will revive and sustain Livingstone, the city’s can never plan to rely on tourism as the main industry. Nor was tourism ever intended to be the primary industry in Livingstone. People started flowing into the city in the 1950s and 1960s, and it was opportunely labeled the tourism capital of Zambia. The established reliance on mining and manufacturing in the Copperbelt and Zambia, respectively, and the flattening of each industry during the last decade or so provides an argument for economic diversification. According to the mayor, Livingstone is a combination of tourism, farming and manufacturing. The city needs to have “supporting ventures” because neither the LCC nor permanent residents can rely on tourism alone.¹¹⁴

One Councilor went as far to comment that tourism alone could sustain Livingstone and was certain that tourism growth could be unlimited. Nevertheless, such an opinion was in the minority. Agriculture remains an asset for Livingstone, but most farms in the area are small. Nonetheless, Finta Dairy provides a model for capital-switching, which is necessary since the decline of the manufacturing economy in Livingstone, and of providing a market for smallholder dairy farmers. Finta is also representative of a partnership approach to development, linking the private and public sector as well as the donor community (Finta, CARE, USAID, farmers, veterinarian assistants from the central government).

Finta does not have the capacity to invest in villages, but the company does provide the market. USAID has assisted with the development of cooling stations (milk collection centers), which allow farmers to save and sell their excess milk. The volume of milk gathered at the four cooling stations in excess of 1000L, which is enough volume for industry. At present, each of the four cooling stations brings together 60-100 farmers who also have the opportunity to form cooperatives. The milk collection centers are a start to capitalizing on the large cattle population in Zambia, and though smallholder dairy is far from replacing imports, Finta has demonstrated that there is both a capacity and market for smallholder farmers.

Prior to Finta, all milk was imported in powder form, primarily from Australia and New Zealand. Although only 25-30% of Finta milk is from Zambia cattle, this is a substantial improvement from zero, and farmers now have reason to take better care of their animals. Without the market for their excess milk and the cooling stations, smallholder dairy farmers had little incentive to feeding, disease control and improved breeds. The cooling stations are each manned with at least one veterinarian assistant, who is available to teach farmers about care of livestock, better breeds, disease control, and international health standards for production and market. The vet assistant at the Kazungula cooling station attends the farmers’ meetings and helps with vaccinations. The veterinarian in Livingstone (a government appointment) also works directly with Finta to find ways to bolster the capacity of farmers. Milk production has increased since the entry of Finta, and there is a recognizable positive change in peoples’ attitudes to taking care of their cattle.

¹¹⁴ Mayor Fred Mwendapole, 13 January 2003.

Finta is only one element of economic growth, and the dairy collection center, though it promotes greater economic opportunity for small farmers, is only one venture in an urban center that needs much more inertia. Bringing together and surveying a large group of stakeholders and conducting an economic analysis were significant steps for the city of Livingstone. The LED process, from organization to implementation has some fundamental stumbling blocks including an unmotivated work force at the LCC; it's verging on bankruptcy, outdated valuation rolls, and a perpetual stagnation of the Council as a whole. In addition to the LCC's obstacles, there are general difficulties in the efforts to turn the April workshop plan and the LED document into realistic action plans and the general unfavorability of the macro-economic environment. Even knowing the high potential of the tourism economy and the current political instability on the Zimbabwe side of Victoria Falls, investors are very reluctant to do more than take a look around.

Internally, individual innovation and entrepreneurship is stymied by high loan rates, which therefore limits the sources of capital available to most Livingstonians. Converting the old manufacturing economy to newer, fast-growing industries that are locally owned and run requires financial support, which without accommodating relations with banks remains only potential for economic development. The tools of urban economies— in comparative advantage and agglomeration economies – and distribution of urban residents need to be built into both planning and working relationships.