

Effective Small Enterprises in the Context of Local Economic Development: Conceptual Input and Discussion

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Outline of this presentation

- Trends in LED and SED since the 60s
- LED and SED: Why now?
- The presentations
- The stakeholders and the WG themes
- Issues and challenges
- Additional resources on LED/SED

LED, SED: What do we mean?

- LED: geographically defined, for example by Province, County or Municipality
- SED: “not large”
- Dilemma in both disciplines between
 - addressing poverty directly; and
 - improving competitiveness, economic growth

Trends: 1960s to early 1980s

LED *	SED
<ul style="list-style-type: none">• Large subsidies used to attract inward investment, especially in manufacturing• Production costs reduced through cheap labour etc.	<ul style="list-style-type: none">• Local production favoured over integration into global economy• High level of subsidy focused on small-scale manufacturers

* After World Bank, 2003

Trends: 1980s to mid-1990s

LED *	SED
<ul style="list-style-type: none">• Generic services to small businesses, to start up, find premises, get training and advice• Inward investment still sought, but more targeted	<ul style="list-style-type: none">• Management and entrepreneurship training, delivered on subsidised basis• Interest in broader supports, e.g. financial services, group actions, infrastructure

* After World Bank, 2003

Trends: 1990s - present

LED *	SED
<ul style="list-style-type: none">• Focus on business environment, and rationalisation of regulations• “Soft” infrastructure: networks, clusters, collaborations, workforce development	<ul style="list-style-type: none">• Increasing interest in business environment, “level playing field”, costs of doing business• Focus on systems for business support, more than on assistance to individual businesses

* After World Bank, 2003

LED and SED: Why now?

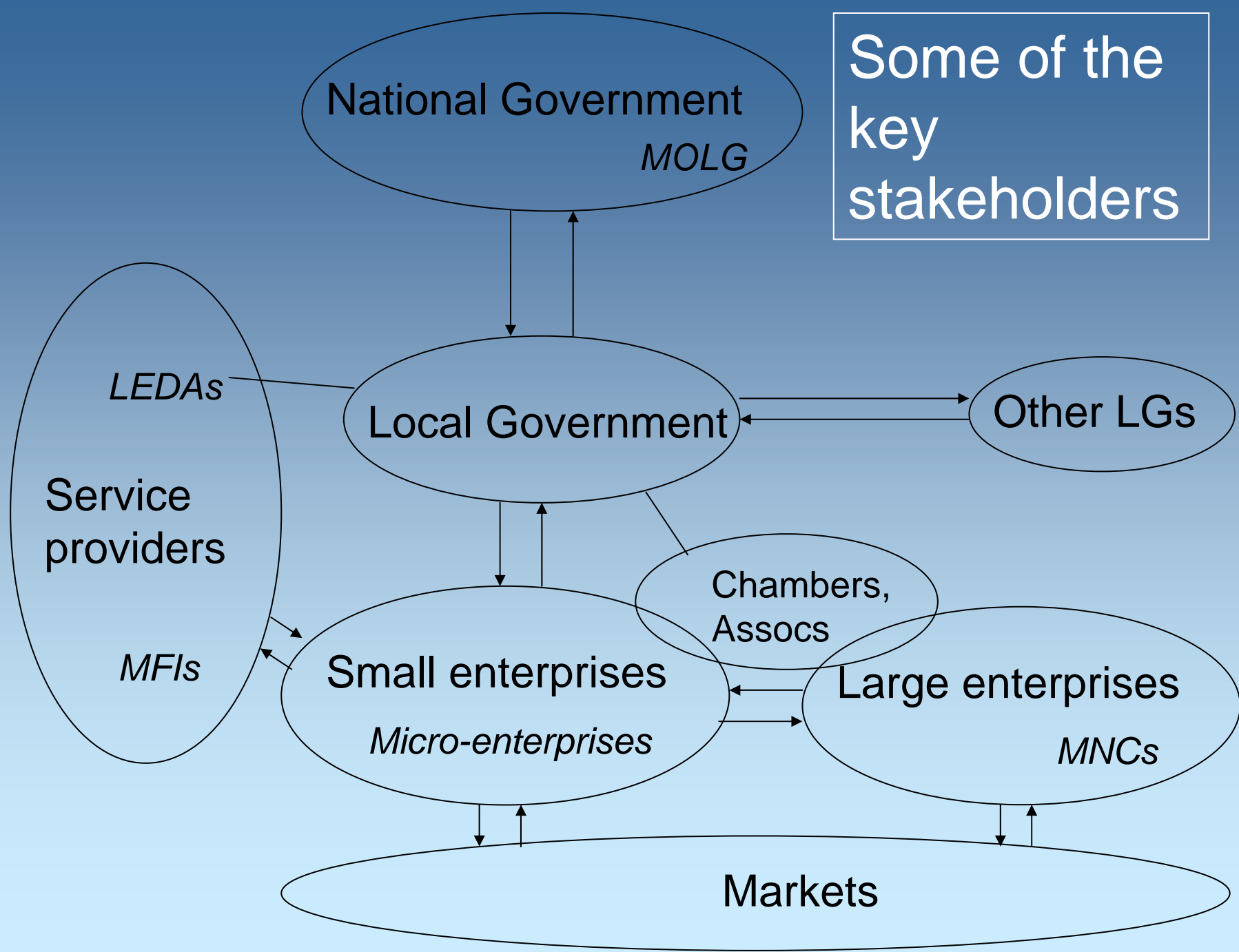
- Thinking in different disciplines is converging on systems, integration into the global economy, competitive advantage, new markets etc.
- “Think globally, act locally”; Local Government has always been seen by SED people as important
- Growing interest generally in decentralisation and governance issues, urban/rural links etc.

The presentations

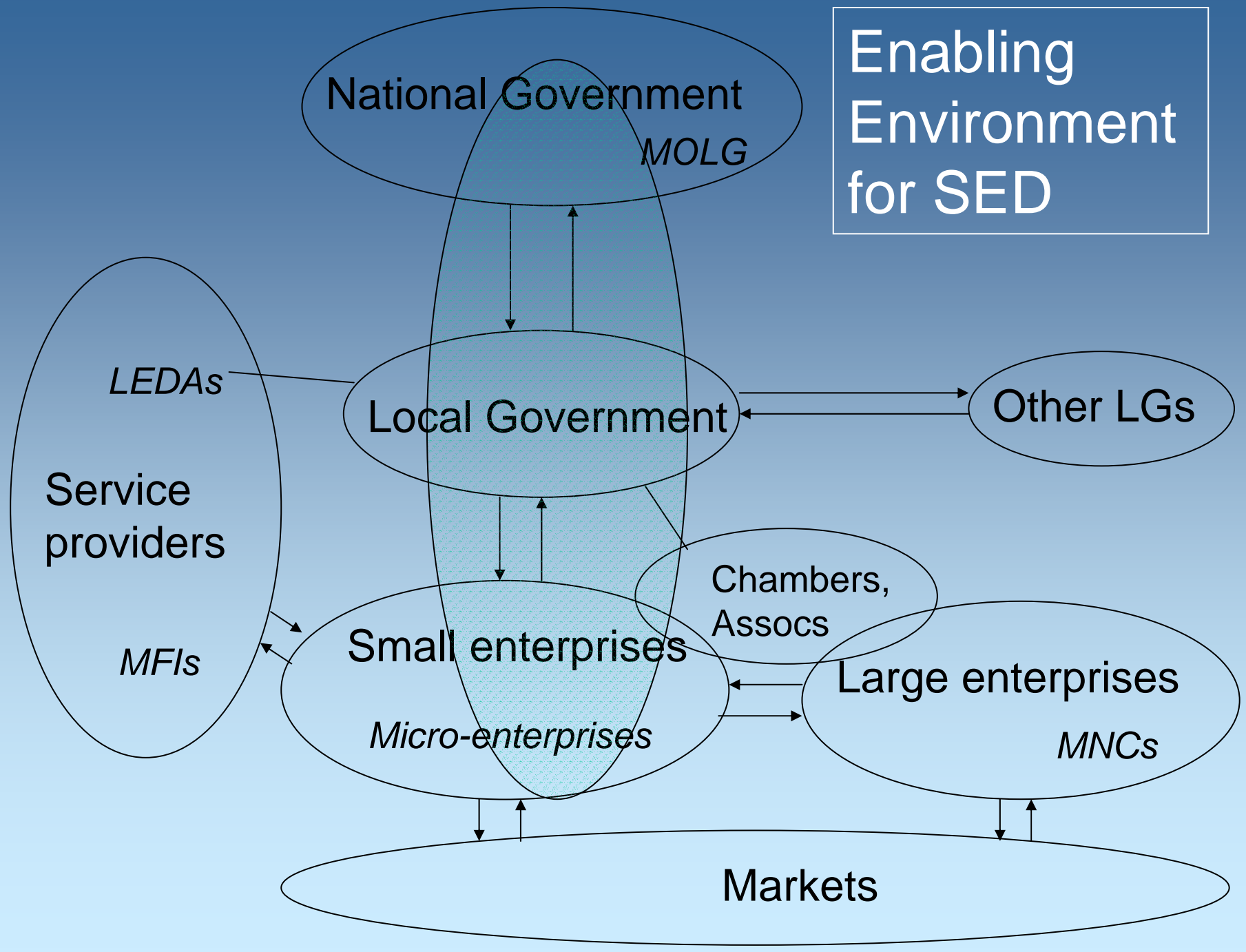
- Experiences in Bosnia and Croatia, by Milford Bateman (EE esp.)
- Involving Vietnamese SMEs in LED, by Corinna Kuesel (PPD)
- Participation of the informal economy in LED in West Africa, by Francois Yatta (PPD)
- Sector-based intervention and LED in Bolivia, by Maribel Arce (PPD, RUL)
- Clusters and LED in India, by Tamal Sarkar (Clusters)

EE: Enabling Environment. PPD: Public-Private Dialogue.
RUL: Rural-Urban Linkages

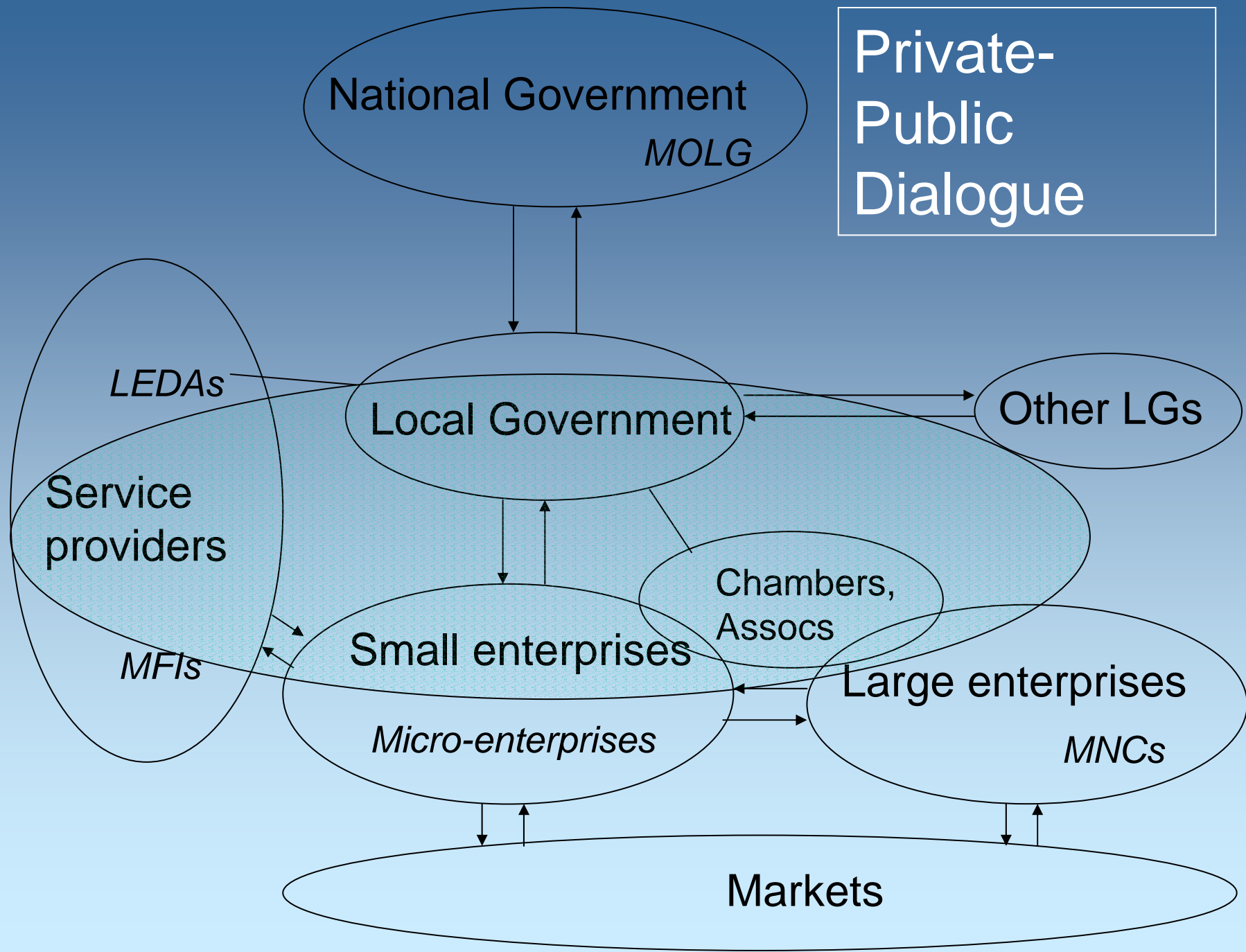
Some of the
key
stakeholders



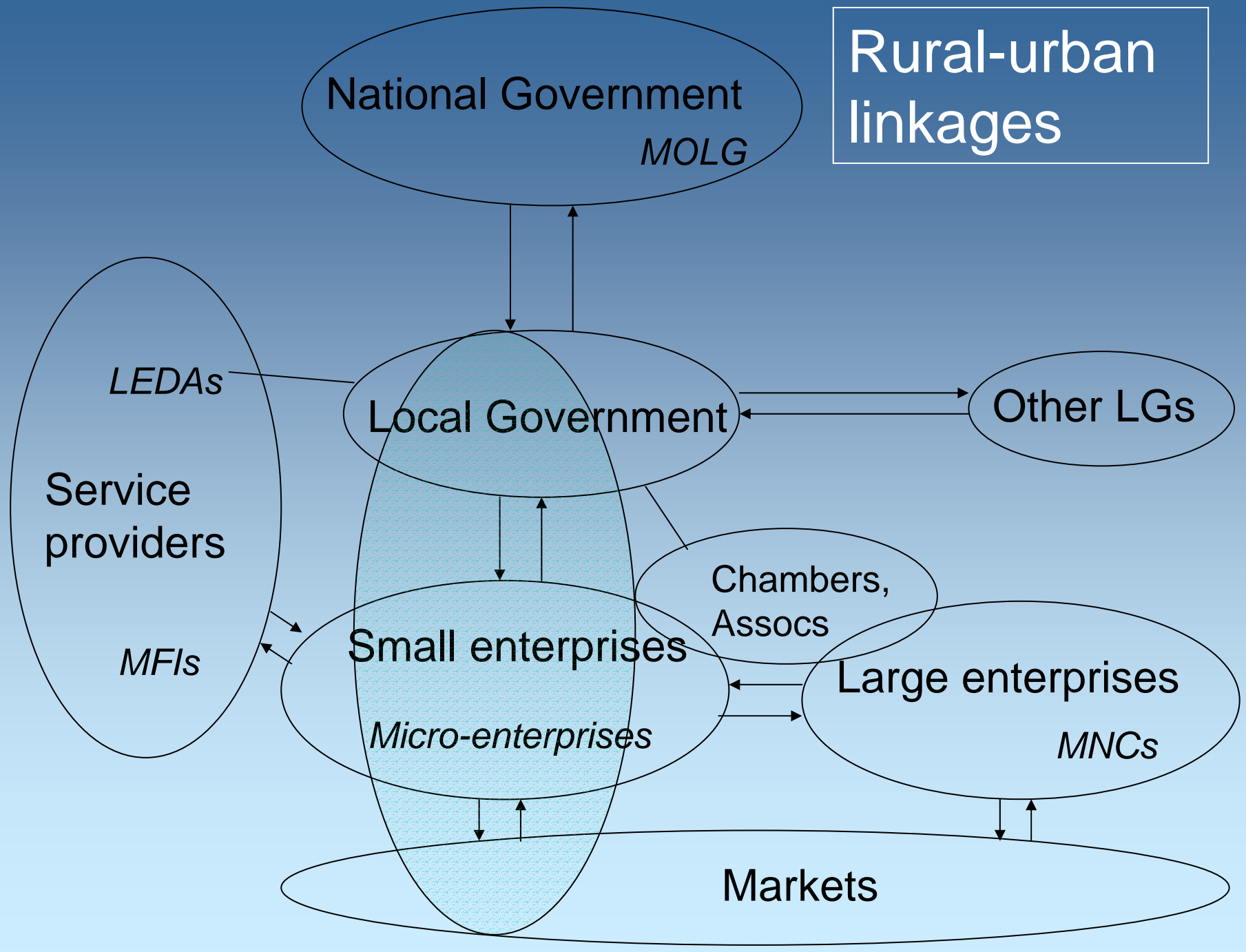
Enabling Environment for SED



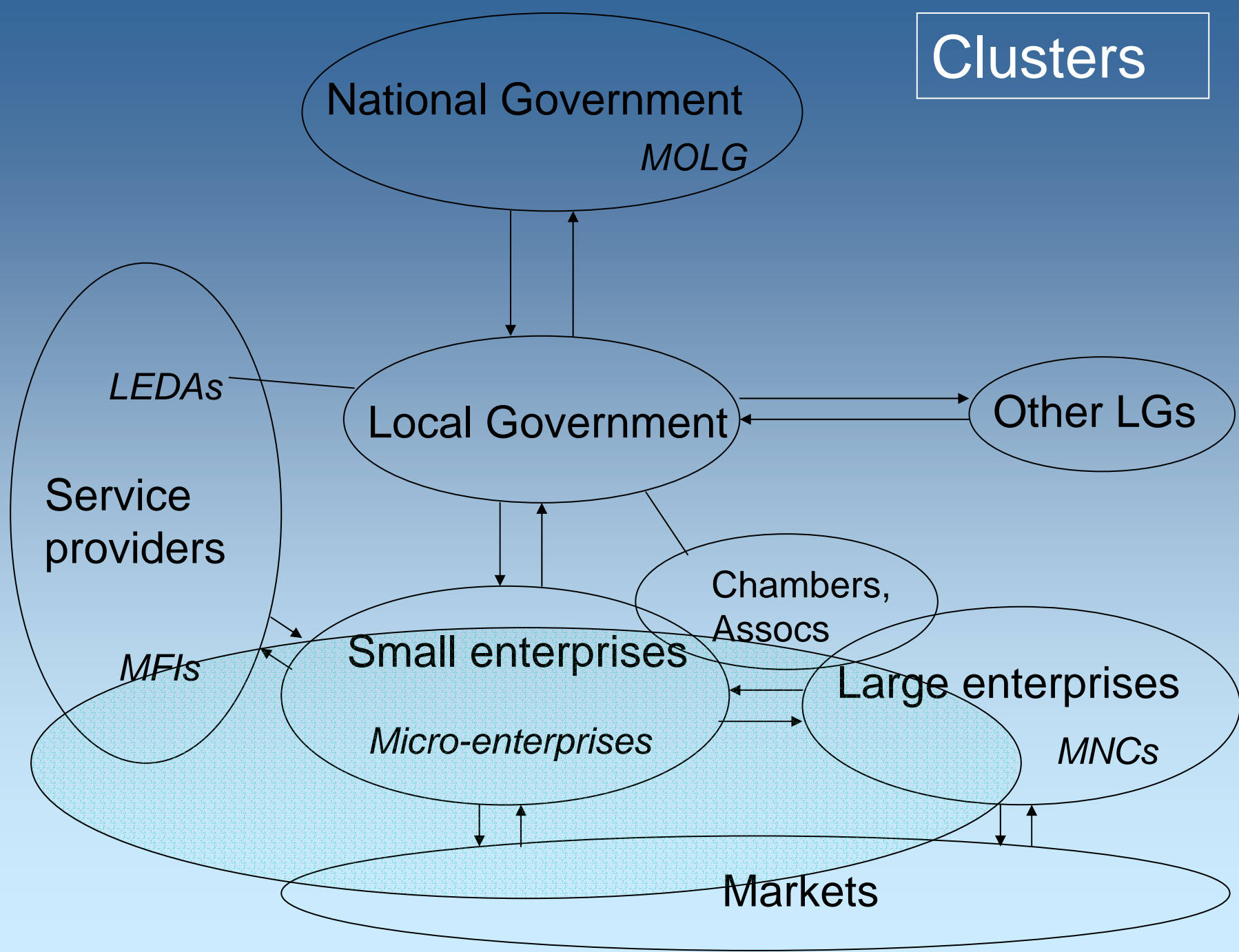
Private-
Public
Dialogue



Rural-urban linkages



Clusters



Issues and challenges

- Identifying champions vs. proliferating toolkits (local initiative vs. methodologies)
- How to achieve scale, with so many local government units to reach?
- Local governments may be too weak to prioritise LED: “Everything is a priority”
- Power relations in local politics may be opaque to outsiders; not always ‘win-win’
- Convergence of disciplines blurs distinction; conceptual framework needed

Additional resources on LED/SED

- <http://www.worldbank.org/urban/led>
- http://www.wiram.de/regionale_wirtschaft/beschreibung_international.htm
- <http://www.undp.org/governance/urban.htm>
- http://www.oecd.org/department/0,2688,en_2649_34417_1_1_1_1_1,00.html
- http://www.usaid.gov/locations/europe_eurasia/dem_gov/local_gov/

Thank you
for your attention !