

Regional Economic Development Workshop



Presentation:

Regional Economic Development: basic concepts,
tools and procedures – an introduction

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What do we want to achieve?

The overall objective of RED is...

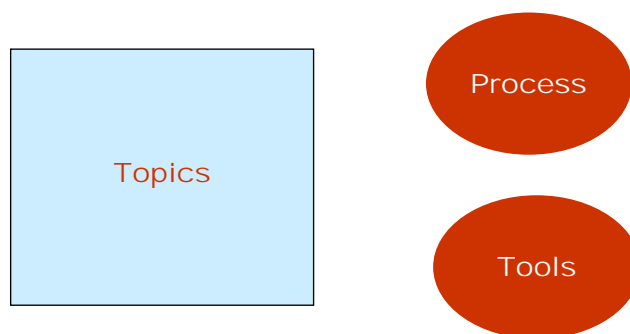
...to promote the emergence of vibrant and ecologically sustainable local or regional economies which will trigger pro poor growth and better living conditions for the majority of the population.

What makes RED different?

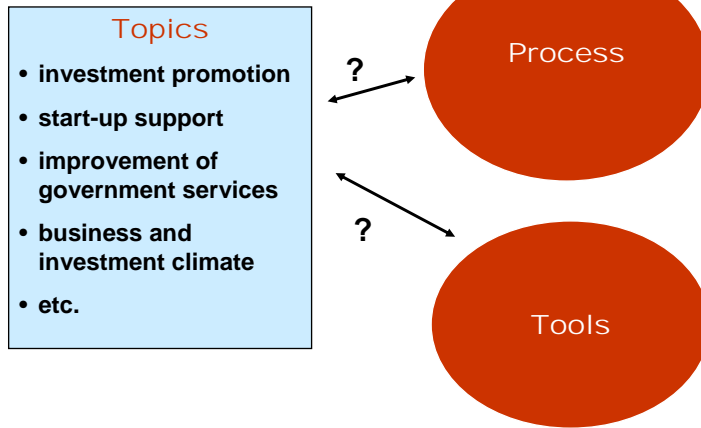
- It is a process where traditional stand alone private sector development interventions such as technology transfer, trade and investment promotion, business development services, vocational training, etc. are being combined in a systemic way
- Some of these topics have been tackled by Oromia region already
- The art of RED lies in how, when and where to apply and link the different topics, select the right tools and design a good process

» we need to define YOUR approach to RED that best suits your situation!

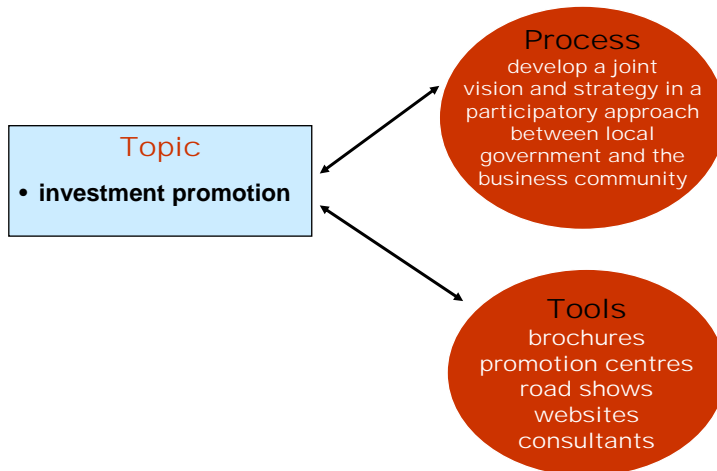
RED is about topics, tools and process



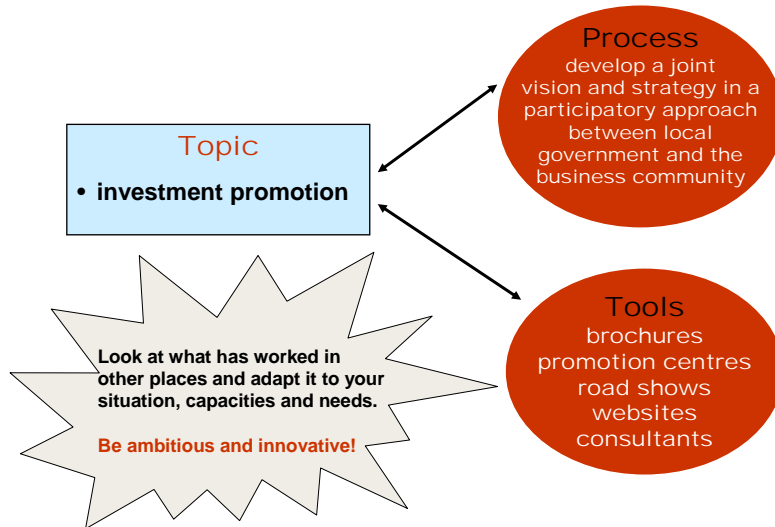
Examples of **topics, tools** and **processes (I)**



Examples of **topics, tools** and **processes (II)**



Examples of **topics**, **tools** and **processes** (III)



The context in which we apply RED

- Globalization is putting tremendous pressure on domestic producers and service providers
- At the same time, the growing mobility of capital and production facilities combined with modern IT has created competition between regions and localities
- In this context, RED helps local stakeholders better understand their **comparative advantages** (and disadvantages) and define strategies and initiatives to use and further develop their **competitive advantages**

Decentralization

- RED's recent rise in popularity coincides with the global trend to decentralize power from national to local governments
- Also, RED is a good vehicle in situations where national policies have failed to produce tangible benefits for the majority of the population, especially the poor in rural areas
- Decentralization and the increased power that comes along provides regional governments and stakeholders an opportunity to proactively develop their own agenda and priorities

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Obviously, the regions still need to work closely together with the national level and other regions!!!!

Process design: Top-down AND bottom-up

- Both top-down AND bottom-up planning and implementation is needed in a good RED process
- How the balance is made depends very much on the current situation and the strength or weakness of the stakeholders

In more developed regions with a **strong private sector**, RED builds on entrepreneurs and their institutions as the driving force for economic development

In lesser developed regions, the **public sector** needs to take the lead as the private sector and its associations are still weak

Sometimes there is neither a strong local government nor a private sector, so RED builds on **civil society** actors and the **communities**

Process design: Multi stakeholder approach

- Either way, non of the stakeholders can do it alone!!!

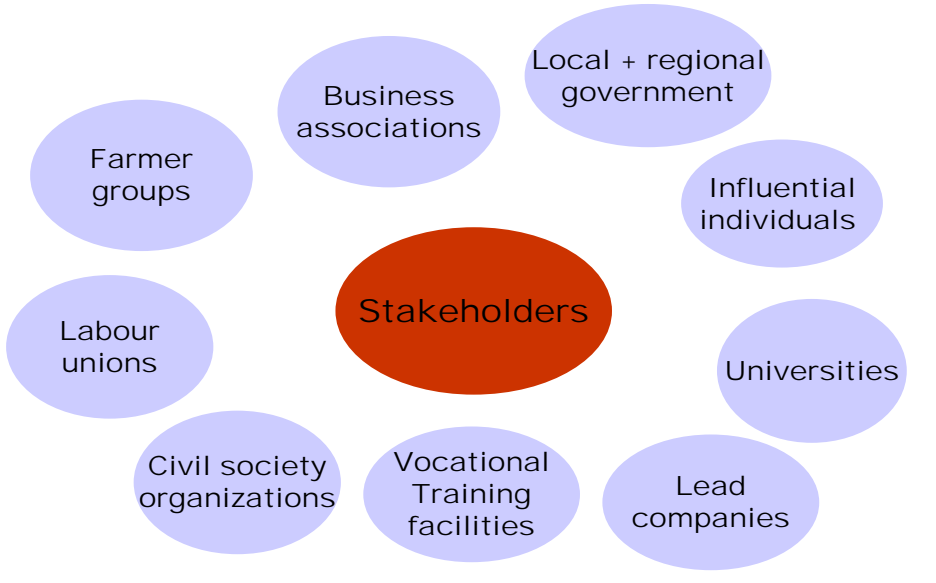
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Multi stakeholder!

Typical stakeholders in a RED process



Successful RED requires cooperation

- Typically, these actors do not work together well
- Hence, the cooperation is not very effective
- There is a lack of trust and commitment
- Thus, a key element in all RED process is to foster cooperation through:



Capacity development as core element of support

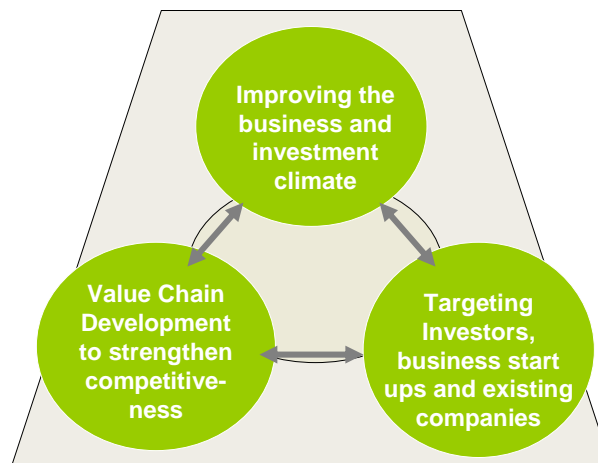
- As RED aims at supporting the own initiative of local actors, strengthening their capacity is the key element of outside support to the RED processes:

Helping the **local government** and its institutions to better perform: improve local governance

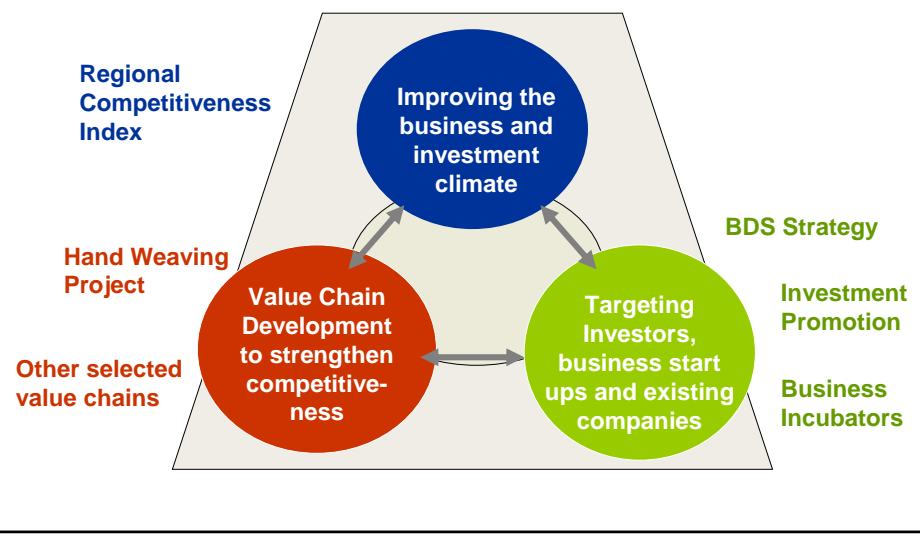
Strengthening **business sector institutions** like chambers and associations as well as **service providers**

Strengthening **communities** and **civil society** actors to be able to participate in or initiate RED processes themselves

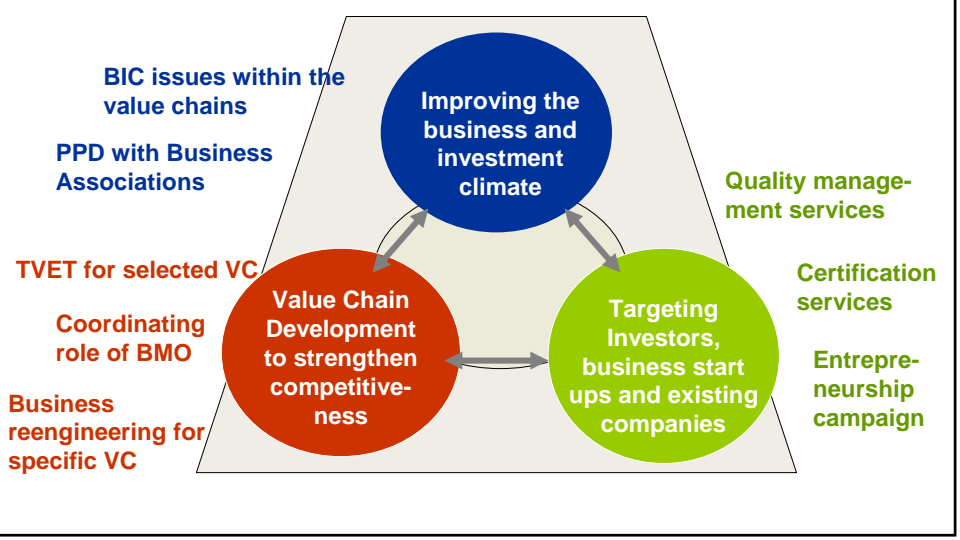
Intervention areas to foster Regional Economic Development



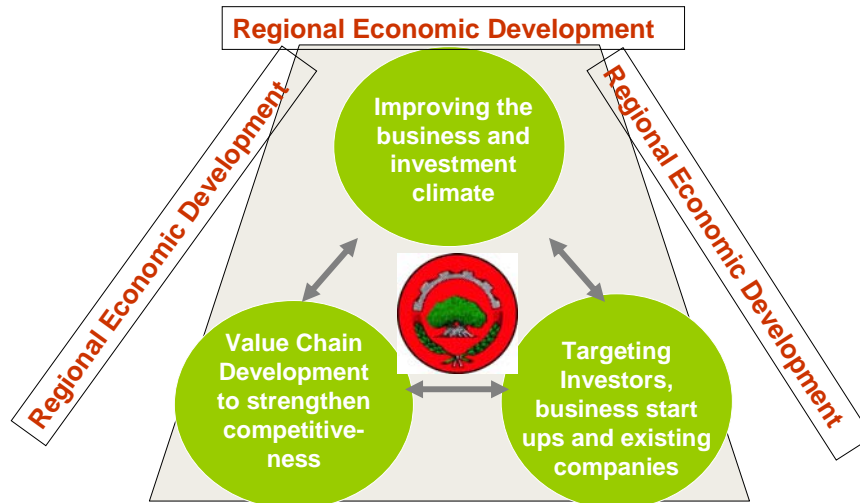
Topics and tools that are already being implemented or are planned in Oromia



Additional topics at federal level and in Oromia



RED could be a perfect umbrella for all economic development topics in Oromia



Preconditions to start a successful LRED process

- Willingness by local stakeholders to get engaged
- A negative or positive motivation factor
 - » pressure from outside, crisis
 - » vision of a strong local actor
- Champions who drive the process (business leaders and / or local politicians)

Discussion

- **Are the preconditions met in Oromia to start a RED process?**
- **Who in Oromia needs to take the lead?**
- **Are the topics outlined adequate to tackle some of your current problems?**
- **How could we best steer and manage the RED process, where so many actors need to work together on so many different topics?**