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The system perspective on LED

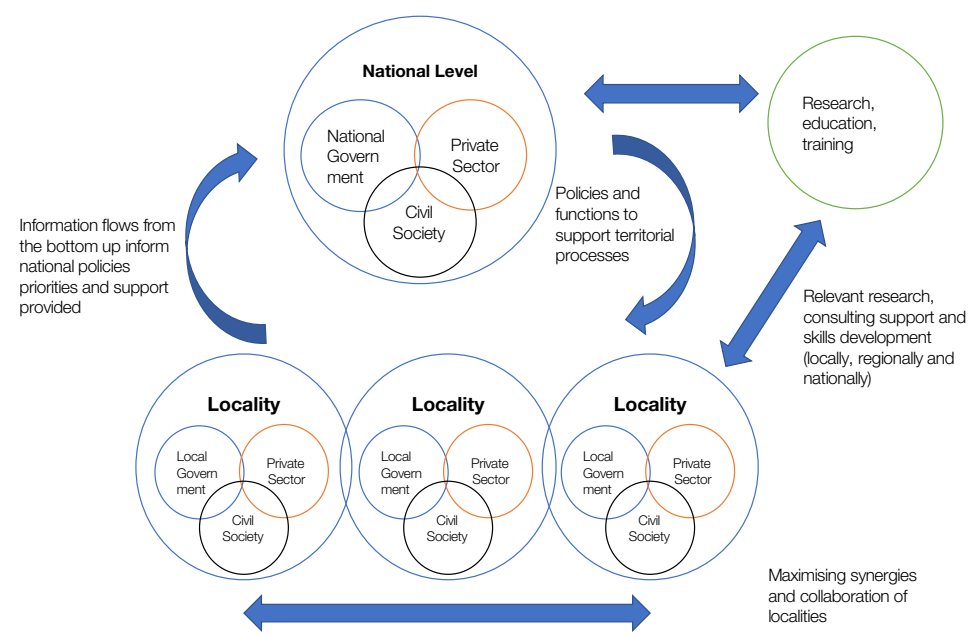
Mesopartner has regularly been asked to support the introduction of Local Economic Development (LED) or strengthen LED as an economic development approach in a country ([see AR 2018, Article 3: How to introduce LED as an approach to economic change in a country](#)).

Strengthening LED requires the focus to be broadened from the local level – where traditionally LED initiatives operate – to the broader system that enables LED. Based on our experiences over the years, Mesopartner has developed a conceptual understanding of LED as a system that comprises both local-



level and national-level stakeholders, as well as intermediaries who can move between these levels. Various actors on both local and national levels need to work together to create the conditions necessary for LED to work, including the relevant legislation, policies, processes, mandates, knowledge and information flows, competent development plans, etc. What we term the LED System thereby comprises all the relevant actors, both local and national, as well as their relationships and relevant artefacts such as laws, policies, plans, etc. that enable effective and meaningful LED processes to take place, as shown schematically in Figure 1. The illustration shows both top-down, bottom-up and horizontal relationships on each level.

Figure 1: A schematic depiction of the LED system perspective



National-level actors design LED policies and support territorial processes by providing funding or technical expertise. Local actors engage in the LED process but also feed information back to the national level from the bottom up to inform national policy priorities and articulate the demand for the support expected from the national level. Research, education and training institutions provide relevant research and consulting support and skills development on all levels. In addition, on the local level, actors maximise synergies through exchange and collaboration between different localities, which can be facilitated by national-level actors.

Adopting this LED system perspective is helpful to counteract two dominant yet contradictory tendencies in LED. On the one hand, it complements approaches to LED that adopt a predominantly top-down logic, which can often be found in countries with centralised governance systems. In these countries we find that national-level actors, such as ministries or line agencies, understand LED as being their responsibility. They see their role in LED as developing local infrastructure, promoting nationally chosen export sectors locally, or strengthening start-ups and innovative businesses with a blanket approach. This happens without considering the idiosyncrasies of local economic realities and the diverse potentials in different cities and locations. Working in such a way strengthens centralised structures and undermines the efforts of local actors to take development into their own hands. It does not open spaces for deeper and context-specific learning. Indeed, the central actors are often not interested in better understanding the varying impact of top-down policies and service delivery on different locations.



A key advantage of the LED system perspective is that it creates awareness among national-level players of the specifics of local challenges and advantages and how to respond to them. Local actors feel seen and supported by national agencies. As a result, constraints for local development that can only be addressed at the national level are tackled. Naturally, LED processes embracing the LED system perspective must involve local and national stakeholders from the beginning in a joint process of learning and discovery.

Mesopartner favours LED as a locally driven, context-sensitive and relational process that builds on the analysis of the local economic reality and the promotion of network-oriented development initiatives. At the same time, the LED system perspective creates the awareness that LED only works with the appropriate support of national-level actors, as they play an important role in enabling LED to work effectively on the local level.

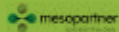
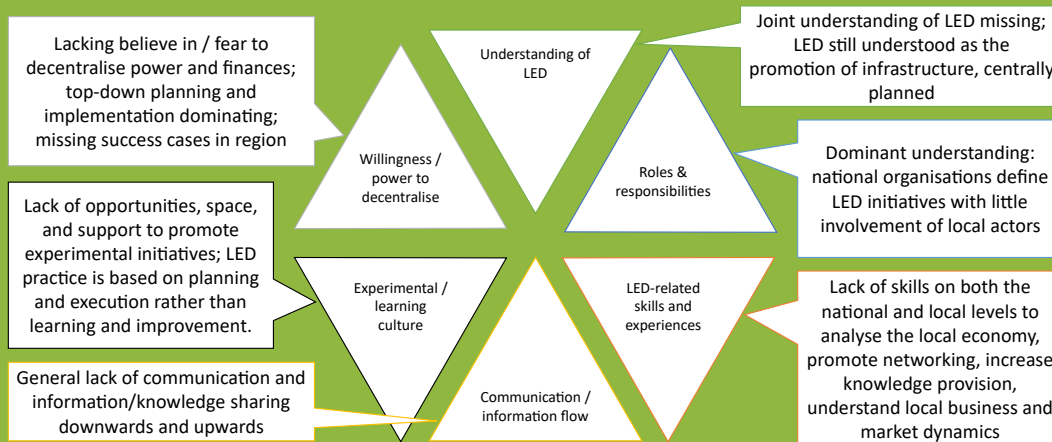


Promoting the LED system perspective has been at the core of Mesopartner's engagement in Georgia since 2021. Mandated by the Swiss Cooperation Office (SCO) in Tbilisi, Mesopartner has been supporting a group of organisations to embark on a learning journey to assess the LED status in Georgia and define a strategy to strengthen LED in the country. We call this group the LED Core Group. It comprises both Georgian and international organisations, including representatives from key ministries, a relevant parliamentary committee, an association representing local governments, non-governmental organisations, private sector associations, and international donors. Given that this initiative started with a group of national-level actors, we have used the LED system perspective to conceptualise the process and guide the definition of the roles of the various actors.



As part of a stock-taking exercise that involved LED actors beyond the LED Core Group, we identified six key constraints in the LED system (see Figure 2):

Figure 2: An overview of the challenges for LED in Georgia



It became clear that the experience in LED was mainly related to local infrastructure development, the promotion of economic sectors deemed relevant by the national level, and the provision of generic national support programmes to businesses and farmers.

Based on this stocktaking, the LED Core Group and Mesopartner realised a large number of activities at the local and national levels to encourage new relationships and introduce new methodologies, tools and formats. The PACA methodology was introduced in two municipalities in western Georgia, allowing us to engage the local level closely in the LED learning journey. Innovative workshop formats of Public-Private Dialogue and a Citython followed the PACA appraisals, and the first initiatives were implemented. Finally, the 1st National Conference on the LED system in Georgia provided a platform to share experiences and to develop concrete initiatives for the next three years. All activities provided ample opportunities for the national-level stakeholders to learn how LED works on the ground and how they can support local stakeholders to overcome jointly identified challenges. We expect this to strengthen the relationships among actors at the local level and between local and national actors.

Our experiences and learning will be taken up by a 12-year LED project funded by the Swiss Agency for Development and Cooperation (SDC), which started in the second half of 2022.

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