

# LOCAL ECONOMIC DEVELOPMENT (LED) PLANNING IN THE FACE OF GLOBALISATION

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## Abstract

*Local economic development and workforce initiative are continually evolving. There are no hard and fast rules or long-proven experiences upon which to draw. The job of the economic development planner and the work of the community in achieving sustainable economic development have become much harder because of the national and global crisis.*

**Keywords:** *local economic development, sustainability, globalization, LED, private public partnership, natural environment.*

## Introduction

In the last years local development has undeniably become one of the dominant elements for productivity growth strategy employment, human welfare, entrepreneurship promotion, obtaining human capital and income increase. Assuring sustainable development for a specific region is a complex process in the measure in which this process is subjected to some factors which cannot be controlled by a local, regional, or national administration. The entire post-revolution and post-accession experience, cumulated with good policy making transferred by Romania to European Union, proves that private public partnership is a viable solution for successfully solving some commentary problems, public interests starting with social services and complex social-economic development projects including infrastructure projects. The experience of some different governments and international organizations cumulated in more than 20 years demonstrates that PPP are a solution in solving social economic problems. Current policies cannot anymore focus mainly on their short - term impact but they have also to be more forward looking as well as more consistent between each others. Economical development is a must in the terms of a powerful and accelerated process of globalization which has surrounded the entire world. Therefore local authorities must find good strategies in order to improve the production of goods and services. In the process of sustainable development management effectiveness of protected areas is an important indicator of how well protected areas are conserving biodiversity. This is critical as most nations use protected areas as a cornerstone of biodiversity conservation.

**1. All around the world, local governments,** the private sector and civil society are demanding better ways to achieve local economic development, a cornerstone of sustainable development. This is due to the fact that local governments face increased

democratic reforms and greater decentralization at the same time as massive transformations are taking place in the global economy resulting from trade liberalization, privatization, and enhanced telecommunications. The significance of these changes is that citizens and local governments now face formidable challenges, greater opportunity, and growing responsibility to work together to address the economic health of municipalities and the livelihood of their local citizens, many of whom may be under- or unemployed and living in poverty.

The long term impact of globalization, associated with demographic growth and the advanced aging of population, technology evolution and climate changing have enlarged the action of local economy in condition of a registered success in regional, national or multinational structure level. Although it has become more and more clear that the only national politics which haven't been confronted with major difficulties in repairing economic disparities between regions and towns are part of EOCED (Economic Organization for Cooperation and Development) states for which sustainable development is vital. The difficulty in the local development process consists in identification of the solutions in order to attract and involve in the "game" all necessary factors, a balanced utilization of resources so that these can be improved in the next 30-50 years. The knowledge economy has gained new valences and has more importance ahead industrial economy. This type of investment is definitely profitable but a great number of towns don't have the necessary financial resources. Local communities must fulfill necessary competences in order to stipulate the occasion to realize a new investment, share the risks and costs through realizing public private partnerships. The investments are in fact a fuel of local development that's why local communities are trying more and more to attract this type of action with the purpose of increasing entrepreneurship, innovation, human capital, exchange of good politics, creating new workplaces. Public and private branches lose their

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efficiency if used separately, because they are two interdependent realities deriving one from another and permanently sustaining each other.

In the actual economic context, the fact that project management for local community's development is based on European financing like a sure financial source for sustaining the process of implementation of sustainable development strategies formulated at national, regional, county level. The results for finalized projects or those of projects in implementation will positively affect the life quality of county communities contributing to developing some areas set as proprietary: truism, transport, infrastructures, water, waste managing, and social assistance. The implementation of project using pre-adoration funds have been a point of departure in the process of economic and social development and in managing projects financed from unsalable funds. Thereby public authorities involved directly like beneficiaries of financing, or through partnerships have gamed necessary expertise in domain with a real advantage in accessing European structural and cohesion funds through Operational Programs. The private sector must be nearby local authorities in scanning this road of challenges of economic and social developments of a region to European standards. It's not necessary for towns and villages to have perform an infrastructure if there are no people to valuing them, initiate and maintain business creating new work places, turning advantage from local peculiar and building a proper space for economic and social development. The local development strategies have been sensitively modified in the last two decades. Nowadays the economic development of cities and regions is less oriented towards roads, bridges and factories and more towards communication, industrial reconversion, and spaces assigned to high class concerns, mutual actions of promoting and local development. It stands for these elements to attract tangibles contractual partners and production taxes for reinvested capital. Local powers must be reorganized for attracting investments. Because at this time beside budget regions imposed public administrations must face globalization that is why the solution cannot come only from public financing because local development has been successfully "crowned" and has proved itself viable on long term therefore private sector must bring contribution. This last one has often manifested the interest for local development, but in order to attract them and use them efficiently local administration must have the necessary financial resources. Local development has chances of succeeding if it's the fruit of a private public partnership in collaboration with international financial institution. Within this partnership two major roles are hold by public sector: assuring the improvement of public services, mostly in what regards education, development projects, infrastructure and favorisation of collaboration between public and private actors with the purpose of realize development projects in a professional manner.

A great number of local economic strategies are never taken to a good end because those who have concaved it haven't identified at first the necessary resources for the feedback investments and haven't regarded the involving of private sector as a rule. The progress key in financing local economy development consists in reorganization of relations with the private sector. This last one supports collectivizes in obtaining financial resources. There are several devices which allow to public and private sectors to share risks and costs related to local development projects because PPP, credits and private financing mechanisms are sustaining local efforts made by public sector. Important changing's exposed in financing local development financing. The perspectives offered by globalization to cities and other towns have launched a dynamic development through new financial investments. All these evolutions are more and more indurate by realizing the fact that facilitation of local and regional investments doesn't depend only by the volume of absorbed funds. Local sustainable development depends entirely of the investment quality, a good management and the efficiency that can be offered by local and private paymasters. Therefore the key principles that must be followed in elaboration of a financing strategy for local community's development are:

1. Smart financing for towns and regions through improvement of budgetary relations with superior administration levels.
2. Encouraging private sector by involving it in financing investments al local level.
3. Financing with the purpose of metropolitan area development through sharing costs and advantages.
4. The exploitation of economic growth advantages at local level.
5. Forming PPP.
6. The approach of a new vision in what implies public gestation at local level with the purpose of finance fluidization.
7. Encouraging entrepreneurship in private and public sectors at local level.
8. Encouraging private sector towards market investments which lead to long term results.
9. Laying emphasis on the quality of local investments projects and not financing offers.
10. Skilled officials in local and superior administration.

However PPP is not a wonder solution for solving the problem of necessity of great investments. In Romania the most often problem in public and private area is dedicatory legislation who doesn't officially sustain the fundamentation of PPP. Another fundamental proposal in what regards local development aims the establishment of an interior relent at local level. In the organization and function of all Institution that leads to good preparation activity and local development implementation projects. Most of the times projects are blocked in their way of

organizing as financing application leading to limit situation like: a heavy analysis of documentation to send for note, transmitting in useful time some essential information. In conclusion we can synthesize two directions for development local communities. The first one is writing financing European and national projects and the second is creating necessary important elements like: local development strategies well elaborated structured and prioritized, qualified staff for writing project implementation and elaborating development strategies.

For Romania, as European Union member, sustainable development is not one of the possible options but the only rational perspective of national becoming having as a result the establishment of a new development paradigm through the fusion of economic, social and environmental parameters. Sustainable development is a very complex concept which started from preoccupation of conserving protected areas. Over the year's economical and social dimension were added to this first concept of sustainable development. The concept of sustainable development involves an amount of shapes and methods for social and economic development, having as instance foundation assuring a balance between this two mentioned dimensions and the elements of natural capital. The most known definition of sustainable development is undoubtedly the one that was given by the World Committee for Environment and Development (WCED) in "Our common future" report, also known as the Brundtland report: "sustainable development pursues the satisfaction of present needs". Starting with 1997 when it was included in the Maastricht treaty the term of sustainable development became a European Committee objective and assigned an increase of environment respect measures. This decision was included in "Towards sustainability" document.

In this manner European Union is reaffirming the objective of succeeding a life quality environment and welfare of present and future generations. This would lead to sustainable communities capable of putting good use and exploited their own resources with the purpose of social cohesion and environment protection. There are four serried principles for local administration that should support all international systems efforts, as well as states and local authorities in their efforts to eradicate poverty and building a fair, long lasting society: the primordial principle of "sustainable development" is involving economic, social, cultural, environmental dimensions. An effective democratic decentralization includes all key competences and proper financial resources. The principle of a good policy-making involves an effective leadership, transparence, responsibility, a good management, the improvement of public services and equal access to it, forming partnerships and straightening institutional capacity. The fourth principle of cooperation and solidarity implies forming partnerships in exchange of good-making policy and mutual support. These four principles must be

promoted through drawing near international community, national governments and civil society in order to increase capacities and skills. Applying a model of sustainable development is a must for international communities. It has been introduced the principle of total administration of resources that aims environmental protection, life standard improvement, social cohesion, economic fluency. A policy based on the four objectives of sustainable development is a challenge for cities which are trying to find a balance between the processes of urban development and preserving green spaces, rural areas and natural resources. In this case local authorities are promoters of urban and social diversity. For Romania, as European Union member, sustainable development is not one of the possible options but the only rational perspective of national becoming having as a result the establishment of a new development paradigm through the fusion of economic, social and environmental parameters. The resigned reaction concerning some global issues like global warming or poverty is in most cases resumed by the stereotype line: "What can I do?" Every one of us must understand that sustainability does not involve only the global and local levels but most of all the individual level. Without the participation of every citizen nothing can be changed, a sustainable development cannot be accomplished. The principle of sustainable development resumes the mixture of three dimensions – ecology, economy and social dimension. Combined with consumer's behavior the ecological dimension of sustainability becomes the most important. On long term sustainable economy and social welfare are possible only in a well managed framework regarding nature as a vital element. Otherwise economic and social aspects mark their role in the attempt of making ecology "profitable": production and ecology consumption can be used only if the consumer affords it and of the consumption and production are realized under acceptable social terms. A sustainable living means a good, healthy, tolerant partnership appreciating the resources. It also means valuating quality of life without become a "fashion victim". To consummate in a sustainable manner means to be aware that "better" is the enemy of good, not "cheaper"; it means to remember that community and individualism are parts of a whole the same as partnership and autonomy. Living in a sustainable manner is the art of having the Wright behavior in a wrong structure. That's why we need both top politics and our base actions. Only from our correlated actions we can made sustainable economic structures. Sustainability or sustainable development it's a central target of European Union politics and Romania as a member has automatically adopted the objective. But the quality of member does not bring with it an "automatic pilot" for sustainable development. The government mission for sustainable development can be supported only by using adequate tools adapted to reality. After a far more thoroughgoing study we can underline the fact that sustainable development is a

basic objective in all operational programs, through which Romania sets its own priority investments in fields like: regional development, environmental transport, human resources, administrative capacity, economic competitiveness. If we want to obtain European funds from operational programs we must have strong arguments that our project, either is "hard" and "soft", fulfills the objective of sustainable development. The affiliation to European Union energetic community politics is extremely important for Romania. Our country must set priorities according to European Union politics and objectives. These are: energetic security, sustainable level, competitiveness. Relying on national politics and some regional energetic strategies modernization of cogeneration systems and urban warming will be promoted through high efficiency technologies. This strategy will ensure important energy savings, reduce carbon dioxide emissions and make payment of energetic bills more suitable. Pauper communities will receive assistance in managing local natural resources. These poor communities have less subsistence resources and a limited capacity in facing natural disasters. In Romania were identified potential negative causes caused by climate change. Recommendation and adaptation measures were taken after a primal evaluation, without seminary studies and actions like law and politics changing, budget reevaluation and adapting national programs in order to assure local level implementation measures. Important decisions which influences directly or indirectly the adaptation to climate changing's taken at local administrative level. Society and communities changing behavior depend in a large measure from the knowledge problem degree. Studies have proved that sustainable development involves working together institutions of state, companies, nongovernmental organizations and after all every actor of modern society. We are interacting with environment, consummating resources and we are part of different organizations. All initiatives made by local authorities contribute to community's welfare and sustainable development through economic and social dimension. In time these actions will spread at national level and why not at entire European Community level. Welfare is a concept which can extract its defamatory qualities from the concept of sustainable development. We actually can say that these two concepts complete each other.

**Global poverty and the challenges of sustainable development** Overall Objective of the EU SDS: To promote sustainable development globally, and to insure the coordination of the internal and foreign policies of the European Union with the principles of sustainable development and its related engagements.

Horizon 2013. National Objective: To implement the required legislative and institutional instruments pertaining to Romania's status as a donor of development aid according to its obligations as an EU Member State; to establish the priorities and means of

action and to allocate for this purpose approximately 0.25% of the gross national income (GNI) by 2013 and 0.33% by 2015, with the intermediary target of 0.17% of GNI by 2010.

Horizon 2020. National Objective: To define the specific areas in which the expertise and resources available in Romania can serve the aims of development assistance, and to allocate for this purpose around 0.5% of gross national income.

Horizon 2030. National Objective: To fully align Romania with the policies of the European Union in the sphere of development cooperation also in terms of budget allocations as a percentage of gross national income.

**2. Socioeconomic development.** Overall, most trends were positive starting with the year 2000 in the socioeconomic development theme. However, the picture is mixed and some areas showed slow, or even no, progress. Economic growth continued throughout the period, while regional disparities grew and households were saving less. Most of the employment indicators progressed in line with the Lisbon targets, but the overall employment rate was lacking in impetus. Labor productivity increased and energy intensity decreased in line with EU objectives. More spending on research and development is needed if the target is to be reached. If it were possible to take the recent economic and financial crisis into account, however, the picture would be radically different. Starting with 2008 and forecasts for the coming years indicate a sharp decline of economic growth. Regional disparities of economic prosperity remain a challenge for the EU and are still rising in most Member States. Within-country dispersion of regional GDP (gross domestic product) is highest in eastern European countries, where the rapid transition into market economies has led to high income inequality. Differences across Member States remain significant. Improving socioeconomic conditions has been one of the fundamental drivers for the vision of a united Europe and is, therefore, non-surprisingly a vital component of a number of high-level Community policies. Two of those important policies are the Lisbon Strategy for growth and jobs and the European Union's Sustainable Development Strategy. Both aim at achieving a more sustainable socioeconomic development and thus outline important strategic development trajectories. Overarching objectives of socioeconomic development aim for the creation of a knowledgebase economy, technology transfer, promotion of employment and enhancement of human and social capital as well as reducing social exclusion. Those objectives depict the most important aspects of socioeconomic development, and are measured in terms of economic growth and competitiveness, technology and innovation potential, creation of jobs and social wellbeing as well as environmental sustainability. Considering those objectives, the renewed Community Lisbon Programmed has created a direct connection to the EU SDS (European Union's

Sustainable Development Strategy) and the socioeconomic indicators outlined in this report. Considering the challenges of the current economic crisis and the need for cushioning the European Union from more and longer lasting negative effects on socioeconomic development, the Council adopted the European Economic Recovery Plan. Moreover, confidence in the ability of the EU to tackle the financial and economic crisis was expressed during the European Council. In fact, the current crisis shows how deeply social and economic issues are interconnected. An important challenge for socioeconomic development arises from the ageing of the population, reflected in a growing old-age-dependency ratio. This means that a continuously shrinking proportion of the population of working age needs to generate the economic resources for society as a whole. Accordingly, the employment rate, labor productivity or average annual working time need to be increased in order to maintain a constant level of economic prosperity.

The analysis presented in the previous chapters has emphasized Romania stage of development at regional and local level, the local government implemented projects and the future development directions. The sustainable development of the local communities is a present and future option of the national policy that seeks economic growth and quality of life's improvement. As a member state of the European Union, Romania must cope with new challenges and objectives. One of these objectives is the sustainable development of our local communities. This objective can be achieved by local governments because they represent powerful actors in their local economies. They must build and maintain infrastructure that is essential for economic activity. They must set standards, regulations, taxes, and fees that determine the parameters for economic development. In essence, one can say that the use of European Union Funds is an opportunity for economic development in Romania, in the context in which their use can generate sustainable economic and social development.

## Conclusions

Ideally, the development of a Local Economic Development (LED) strategy will be an integral part of a broader strategic planning process for a sub national region, city, town or rural area. Effective strategic planning ensures that priority issues are addressed and limited resources are well targeted. The five-step planning process shown below should be tailored to complement, and correspond with, other local planning processes. The process is not prescriptive and should be adapted to meet the needs of the individual community. Current developments are in many aspects not sustainable because limits on the carrying capacity of the earth are being exceeded and social and economic capital is under pressure. Although it has been stated

repeatedly that change is necessary, results are limited. The recent progress regarding climate policy shows that states are capable of converting the necessary political will into rigorous policy interventions, which combine leadership, vision and concrete measures. The Sustainable development strategy should contribute to further change to avoid irreparable damage and to create a future of prosperity, equity and well-being.

The Sustainable Development Strategy deals in an integrated way with economic, environmental and social issues and lists the following seven key challenges:

- Climate change and clean energy
- Sustainable transport
- Sustainable consumption and production
- Conservation and management of natural resources
- Public health
- Social inclusion, demography and migration
- Global poverty

Local authorities must elaborate overarching strategy in order to set out how we can meet the needs of present generations without compromising the ability of future generations to meet their needs. The next programming step should be to develop a strategy, to examine the country context, various stakeholders and their interests, and, among other factors, the nature of potential interventions. To help ensure that resources dedicated to the program achieve the missions stated objectives. Defining a strategy involves developing an approach that can maximize impact on democratic development. The Sustainable Development Strategy constitutes a long-term vision and an overarching policy framework providing guidance for all members of EU policies and including a global dimension, with a time frame of up to 2050. By tackling long-term trends it serves as an early warning instrument and a policy driver to bring about necessary reform and short-term policy action. There should make full use of balanced Impact Assessments in policy making at national level. The four focus areas relating to long-term goals in some crucial areas like: shift to a low-carbon and low-input economy; protection of biodiversity, air, water and other natural resources; strengthening the social dimension; and the international responsibility dimension of the SDS are broadly welcomed.

The local authority must give higher priority to tackling current unsustainable trends in the use of natural resources and the loss of biodiversity. Better integration of biodiversity considerations into other policy areas such as climate change, transport, agriculture and fishery is crucial, as well as considering better the value of ecosystem services. Also, climate financing is central to combating climate change, and a significant increase in additional public and financial flows is needed in order to assist developing process.

The social dimension should be better highlighted through improving labor market policies, social and education systems. The economic crisis has

exacerbated inequalities and risks. With current and expected job losses, unemployment is clearly one of the biggest concerns. The hardest hits are young people, low-skilled workers and those who have been unemployed for a long time. A balanced approach to combining flexibility and security together with comprehensive active inclusion strategies and integration activities is not only crucial to support all those affected by the crisis, including the most vulnerable, but also to limit losses in human capital and to preserve future growth potential. It is vital to carry on improving the labor market policies, to review social system and further develop the education system to meet the challenges in all regions. Job creation efforts should strengthen the ability of workers to adapt to changing market conditions and prepare workers to benefit from new investments in the areas of green technology and green jobs.

Sustainable development should be seen in a global context. Many of the challenges can only be solved in international cooperation. The people of the developing world are hardest hit by the effects of climate change and land degradation. The loss of biodiversity will affect both the developing and developed world, the poorest being the most severely affected. Sustainably managing ecosystems and strengthening biodiversity policies is a basis for food security and an integral part of the fight against poverty and hunger. The global demand for natural resources is

increasing, and this affects the developing countries even more than the developed world.

The strategy of local communities for sustainable development could focus on the European Union's long-term goals in the following areas in coordination with other cross-cutting strategies:

- contributing to a rapid shift to a safe and sustainable low-carbon and low-input economy. Based on energy and resource-efficient technologies and shifts towards sustainable consumption behavior, including sustainable food patterns, and fostering energy security and adaptation to climate change.
- Intensifying efforts for the protection of biodiversity, air, water and other natural resources and food security, and more focus on integration of biodiversity concerns into policy areas.
- With potential negative impact on biodiversity such as parts of the common agricultural policy, the common fisheries policy and transport policy.
- promoting social inclusion and integration, including demographic and migration aspects, and improving protection against health threats.
- Strengthening the international dimension and intensifying efforts to combat global poverty, including through fair and green growth, and addressing population growth and its impact in terms of increased pressure on natural resources.

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