



Our Support to Local Economic Development (LED)

Background

Local Economic Development (LED) is one of the key features of economic and social development and results in reducing poverty in Nepal. With this objective, LED activities are being implemented in selected municipalities with the joint effort of GTZ (udle and INCLUDE programmes), German Development Service (DED) and the German Foundation for Economic Development and Vocational Training (SEQUA).

What is Local Economic Development?

LED is the combination of local resources and innovative ideas for sustainable economic development. It comprises a broad set of activities which aim at creating a competitive advantage for the municipalities in order to create jobs and generate income.

The objectives of LED are:

- To encourage functional relationships between local chambers and municipalities to create employment opportunities and help to reduce poverty;
- To bridge the gap between private and public actors to create joint efforts which contribute to sustainable development; and
- To contribute to reduce poverty and to create new employment opportunities by implementing various programmes and through the implementation of innovative tools.

udle supports municipalities to include economic development initiatives in their long term (periodic) plan preparation, and in taking an active role in the cooperation with the private sector to assist its economic development.

Furthermore, *udle* plays a mediating role between municipalities and chambers as well as the private sector. The core focuses of the programme are:

- To contribute to the development of a unique municipal profile/identity in terms of city marketing;
- To support municipalities in economic development planning and strategy inclusion into periodic planning;
- To assist in the development of the initially required regional/municipal profiles to identify potential strengths and weaknesses; and
- To identify and develop local comparative advantages for the selection of sub sectors

Our Approach

Our support to municipalities in economic development amounts to:

- Technical assistance in supporting LED related planning and budgeting processes in municipalities;
- Equipment and technology support, and knowledge transfer;
- Providing linkages for the financing of LED;
- Provision of trainings and exposure Visits;
- Capacity and institutional development; and



- Financial assistance in terms of incentives

Our Success

Currently, LED is being implemented in 6 different municipalities, namely Lekhnath, Butwal, Tansen, Hetauda, Ratnanagar, and Narayanghat with impressive results.

In these municipalities the LED process started in 2005. *udle* supports financial assistance, equipment and technology support, trainings and exposure visits as well as capacity and institutional development. With the effective implementation of the programme, clearly visible impacts are being recognized among our local partners:

- LED has created a big momentum by creating additional income and motivation towards creating an enabling environment for local business investments;
- LED has generated quickly visible economic benefits for the citizens;
- LED has enhanced competitiveness of the selected sub-sectors and triggered a favorable investment climate;
- LED has created an effective collaboration between municipalities and chambers;
- LED has created a common vision of sustainability among all the stakeholders; and
- LED has contributed to social inclusion and gender equality by empowering marginalized groups and women to take part in economic activities;

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