



A Handbook on

HOW TO BUILD LOCAL ECONOMIES

AND STOP RELYING ON TRICKLE DOWN ECONOMICS

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FOREWORD

This handbook provides tools for supporting economic development of a whole local economy rather than any single enterprise. It includes case studies from different cultures, which identify critical success factors and presents tools for understanding how the local economy works. The intention is for the reader to seize opportunities for building a local economic base.

The tools presented for understanding and building local economies are applicable internationally and are useful in addressing the global Sustainable Development Goals. The handbook has been prepared to assist those implementing the New Urban Agenda, which contains important policy directions and targets for local economic development, particular focusing on communities that are relatively disadvantaged.

The aims of the handbook are:

- for community leaders, to provide guidance on practical tools and processes that can build the local economic base, with benefits flowing to the whole community
- for external agencies, to explain how investment can be made in areas that add measurable value to the economies of small, isolated communities and to the standard of living of the people of these communities
- for government decision makers, to provide a model against which the performance of government funded activities and interventions as well as regulatory practices in local economies can be measured and reported.

To date, the focus for economic development initiatives has often been on assisting individuals and single enterprises through grants and loans, or on broader sector-specific regional strategies, rather than building local economies in a holistic way. The relative disadvantages of this approach are:

- lending or granting funds to one person rather than another places non-beneficiaries at a considerable competitive disadvantage, distorting rather than strengthening local economies
- a rational use of cheap money may be to save it, apply it to debt reduction, on-lend it at high interest or monopolise scarce goods rather than putting it to more productive (and possibly more risky) use
- individuals seeking to establish a business may not be sufficiently informed about the local economy to be able to identify the best business opportunities
- individual businesses can benefit from peer support of other businesses, and may be able to strengthen one another through interrelated production activities, as well as co-operative marketing and distribution
- supporting development of a cluster of businesses rather than a single enterprise provides a more viable cohort for capacity building
- targeting business assistance to areas of investment which will provide spin-off for a number of local businesses rather than to a single entrepreneur is more likely to be a cost effective use of resources
- investing in the whole economy rather than a single business is likely to lead to more sustainable long term economic benefits.

This handbook is not focused on maximising numbers of jobs or enterprise profits. It looks at local economies as a whole, with the intention of building local wealth, creating an environment for job creation and successful enterprise development into the future. This can draw on local resources as well as the economic component of all local activities (including local building work, housing and health service delivery for example). With the right strategies, it is possible to create circles of trade within even the most disadvantaged communities, and to add value to any resources available to local residents.

This handbook provides an alternative path to the conventional reliance on building national wealth and community wellbeing focused on high-end corporate performance, with the benefits “trickling down” through the economy through jobs and spending. There is increasing evidence that “*trickle down economics*” simply does not work, while there are studies showing that investing in the least wealthy does have “*trickle up*” results for the whole economy (Coy, 2017). The failure of trickle down theories is especially evident with the advent of globalisation (where there is global competition for providing labour and economic resources at least cost) and automation (where business activity no longer leads to jobs being created). While the proposition for “*trickle down economics*” was based on the assumption that anonymous and sometimes distant investors, savers, and company owners are the real drivers of growth (Amadeo 2017), the failure of this theory is demonstrated by the increasing gulf between the most wealthy and the rest of society (Da Costa 2017).

This increasing concentration of wealth (Credit Suisse 2017) also has a geographical dimension, between countries as well as within their borders. Wealth is drawn into the most prosperous cities, and away from smaller centres and regional communities. Wealthy cities become a magnet for capital, progressively drawing in financial resources through both private and public sector investments.

The New Urban Agenda promotes a new approach to managing urbanization, with an approach to economic development that is based on “*promoting full and productive employment and decent work for all, ensuring decent job creation and equal access for all to economic and productive resources and opportunities*”.

Some suggestions about what this new approach would involve were put forward by the International Urban Development Association (INTA) as an adjunct to the New Urban Agenda (INTA 2016). The INTA report asserts the following.

“We can only meet the challenges for urban development in the next 20 years by practicing some very innovative disruptions from current trends and practices.”

“The systemic crisis of our societies requires new solutions, new debates and radical ideas. It forces us to think about a new economy that serves new needs. It forces us to think about fairer development models that are more rational, more energy efficient, less polluting, less predatorial. Whether the crises are urban or political, we urgently need to build a new “urban culture”, one that is based on harmony, on fair trade between human beings, on balance between people and nature. These crises call for a fresh approach to a “mode of production, reproduction and accumulation, always in balance with nature”

Putting more effort into building local economies might just save the day.

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PART ONE

UNDERSTANDING THE ECONOMY

1.1 IDENTIFYING RESOURCES

The first step in understanding the local economy and its potential to support business development is to assess the available resources that can be mobilised in economic activity. This is the foundation on which a sustainable local economy can be built.

The resource base includes not only those resources that present themselves as natural opportunities for enterprise, but also underused resources including waste streams. Land and culture can be fundamental resources, particularly in indigenous communities. Existing businesses can also present resources that can be built on through enterprise linkages. Human resources include the potential labour force and their skills, and available training providers are an important resource to consider. Hard infrastructure might include unused buildings and equipment that can be recycled for new uses.

Given that each community will have its own distinctive resource base, it is not surprising that a one-size-fits-all approach to local economic development is doomed to failure. Availability of the following resources might suggest the appropriate local response.

- **Human resources**
 - local organisations and their activities
 - skills in the community
 - the available workforce
 - training and capacity building services
 - management skills and structures
 - research and development capacity
 - marketing and sales capacity
 - available legal and financial expertise
 - intangible heritage resources including cultural knowledge
- **Material resources**
 - land and buildings
 - equipment
 - natural resources and local raw materials
 - tangible heritage resources
 - recycled materials and byproducts of existing activities
 - local energy resources (renewable and non-renewable)
 - waste streams from human activity, including unused byproducts from existing industries.

However any proforma for describing resources should remain flexible enough to discover surprising resources that had not been anticipated. It is often the surprises that suggest the greatest rewards.

The importance of identifying available resources was highlighted in a project I undertook some years ago to create a new industry based on herb cultivation. There was not much capital available to build the resource base for the new industry. However when we surveyed the local community about how they could (and wanted to) contribute to the project we found that virtually all the required resources were already there.

This included retired horticulturists who wanted to become trainers, disused irrigation equipment, disused tobacco drying sheds, distillation equipment previously used in tea-tree plantations, nurseries willing to support herb farm establishment, unused space in commercial kitchens, and shops prepared to create new retailing space. In the end everyone wanted to get involved, for example showcasing herbs in the main street, and putting on promotional cooking demonstrations. There was a notable combination of older people with established but underused skills and resources wanting to support younger people into employment, and younger people eager to learn.

Sometimes there are obstacles to mobilising local resources that need to be recognised and addressed. In many countries land tenure is a significant issue, with regulatory and funding agencies unwilling to support (and potentially preventing) development of land for which there is no clear title. Disputed tenure is common in societies which are converting traditional land tenure systems into formal structures for land registration. It might be thought that this is a particular problem for developing countries, and this is clearly illustrated in some of the case studies that follow. It is a particular problem for informal settlements formed as people move into cities, often complicated by ethnic tensions between the migrants and the land owning group. However this problem is also evident where traditional (unwritten) indigenous land systems are in conflict with contemporary (documented) tenure frameworks. This can be seen in Australia where many native title claims are awaiting determination, with some being disputed.

There are some resources that do need to be in place to assist economic development, and if they are not this presents a considerable obstacle. Some of these essential resources are:

- **Access to capital**
 - the ability of local or incoming businesses to obtain financial services enabling borrowing or safe savings
 - who lends the money, where they are located, and what money is available in what form
 - how other money (for example royalties, proceeds from sales and earnings) can be reinvested into local business opportunities.
- **The business environment**
 - existing businesses and business networks
 - attitudes people have towards business
- **Infrastructure**
 - public facilities and services
 - health care
 - communication systems
 - transport and distribution systems

It may also be appropriate to assess the resources that add to the quality of life as these also affect economic opportunity.

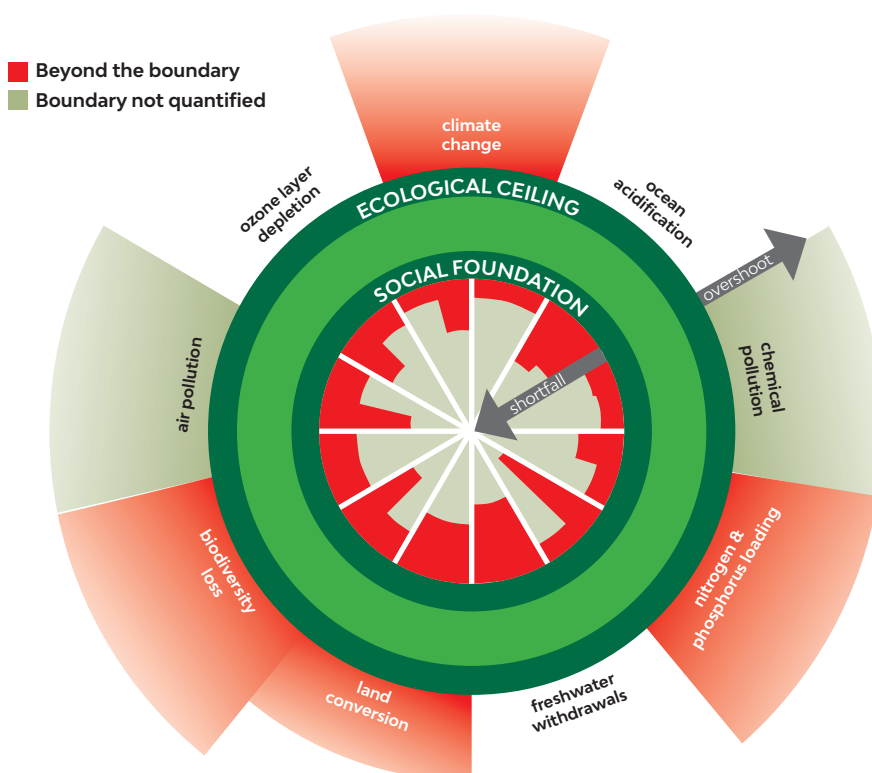
1.1 IDENTIFYING RESOURCES

Factors could include:

- cultural values
- health
- access to clean air and water
- recreational resources
- cost of living
- community safety
- housing quality.

Of course, in looking at any economy, local people are the experts in what is locally available. They also have most to gain from identifying their local resources. If external facilitators are involved, they should ensure community members steer this process.

A new framework for looking at resources and the way they are used within the economy has been proposed by Kate Raworth as “doughnut economics” (Raworth, 2017). This uses sustainable social wellbeing as a starting point for any development, with the aim of lifting everyone out of poverty but living within the constraints of our natural resources. Protecting life support systems are described by the constraints of the outer ring, and social deprivation is depicted by those sinking into the inner ring. Currently we are operating both outside the doughnut, depleting natural resources for the benefit of the more affluent, and inside the doughnut’s social boundaries by keeping people in poverty.



If we start building the economy from the bottom up, based on sustainable use of local resources, and ensuring the benefits are spread through local communities, we stand a much better chance of keeping within the doughnut.

1.2 HOW MARKETS WORK

Any community exists as an economic market, with consumers of goods and services creating market demand, and providers of goods and services creating supply. For businesses to work well there needs to be a matching between supply and demand.

For many communities much of local demand is met by external suppliers. However in a self-sufficient economy, local suppliers of goods and services would be catering largely for local community demand. Economically disadvantaged communities can often benefit from becoming more self-sufficient, producing the goods and services that they need rather than relying on external providers.

Just because there is demand, it doesn't follow that suppliers will provide goods and services to meet it. In a market economy, this is partly determined by potential consumers' capacity to pay. The economic viability of delivering goods and services to poor communities can be marginal, so producing goods and services for that market may be unattractive for many suppliers. Local businesses will have a competitive advantage if they can supply local goods and services at a lower cost than those produced by external businesses.

The viability of supplying goods and services is affected not only by individuals' capacity to pay but also by the total spending power of the community, reflected in the size of the total demand it generates. If there are only a few people wanting a particular type of product, it may not be cost effective to get it to them. However those suppliers of goods and services who are locally based may also tap into markets that go beyond the community itself to establish a viable market.

Some aspects of demand and supply can be assessed at the local level, and this assessment can be a powerful tool in understanding how the local economy works. It is a lot easier than it might seem.

I have used the following technique developed by the Rocky Mountain Institute in the US (Cole et al, 1990), with some success, applying it in various cultural environments.

1. Select a sample of local people or use those assembled in a workshop session as your sample.
2. Ask them what their household spent money on over the previous week, distinguishing between what was spent in the local community and what was spent outside it.
3. Discuss how the sample households typify those in the community – this might relate to professions (fishermen, farmers, wage earners etc) or household size.
4. Use whatever information is available to extrapolate the sample results for the whole community (for example two thirds are fishermen, 10% are wage earners etc).
5. Ask if there are any seasonal variations in these spending patterns and adjust accordingly (including lumpy payments such as school fees and tax).
6. Calculate an annual expenditure picture, showing what money is spent inside and outside the local area, and what goods and services are paid for.

Conducting this assessment can give local people a good appreciation of the working of their economy and the potential for new economic activity. As an example, when examining spending patterns in a particular Filipino community, it was found that a significant amount of the cumulative spending was on imported betel nuts, which was a surprise to the participants – once this was realised then it was a simple process of logic for the village to plant its own betel nut trees!

There is often an assumption that patterns of demand and supply create opportunities for economic growth, through the operations of a free market. However it is important to recognise that markets are always distorted, and that monopolisation of resources, misappropriation and corruption, or other factors can limit these opportunities. It is useful to consider some of the conditions that are necessary for the operation of a free market (Lovins et al, 1999), and these include:

- equal access to information about the present and the future
- entrepreneurs able to compete on equal terms
- lack of monopolies (sole sellers) or monopsonies (sole buyers)
- all resources used for best outcomes
- transaction costs and regulations that don't impede buying and selling
- equal access to capital.

The case studies provided in Part 2 clearly illustrate how these local market distortions obstruct potential entrepreneurs from growing their businesses, and how relatively poor communities suffer the consequences (for example, Case Study 2.8).

While the perfect market economy may not exist in reality, it may be useful to consider how the conditions for an efficient market can be improved, by addressing these various factors. For an economy to grow, it needs to focus on areas where there is a competitive advantage within the market. Businesses which supply goods and services to the local community have a competitive advantage if they are located conveniently, and if they know their clients well. Businesses which are not catering for a local market need to establish other aspects of competitive advantage, such as preferential access to resource or skills.

Establishing products or services which are different from those produced by competitors, and which cannot easily be copied, may result in competitive advantage. Products based on local cultural resources, such as visual arts, cultural tourism or land management can fall into this category.

In looking at the feasibility of establishing any new businesses, the following questions need to be asked.

- How can local producers of goods and services compete effectively against businesses located outside the community, in terms of price, quality of product and convenience?
- For businesses serving a wider market, what is the competition and what does the local business have to offer that will provide it with a competitive advantage?

Once these questions are answered, it may be possible to estimate what the size of the market will be for a particular business, in terms of numbers of customers and the price they are prepared to pay. This is the most critical component of any feasibility assessment for a particular business.

1.3 THE MULTIPLIER EFFECT

The actual spending power of a local community can be estimated by calculating all the money flowing into the community, which then gets distributed to people as wages, other earnings, remittances or welfare payments. There may be additional inflows as grants or other funding to local organisations.

The multiplier effect is an economic concept that explains how any money flowing into a community can have multiple benefits. It can be expressed as a jobs multiplier or an income multiplier.

As an example of the jobs multiplier, an initiative to create ten jobs in a particular business will result in more than just the creation of those ten jobs. This is because the ten new employees will spend their incomes on goods and services that create additional jobs in other businesses, typically creating at least an extra five jobs in the process. This would be a jobs multiplier effect of 1.5:1.

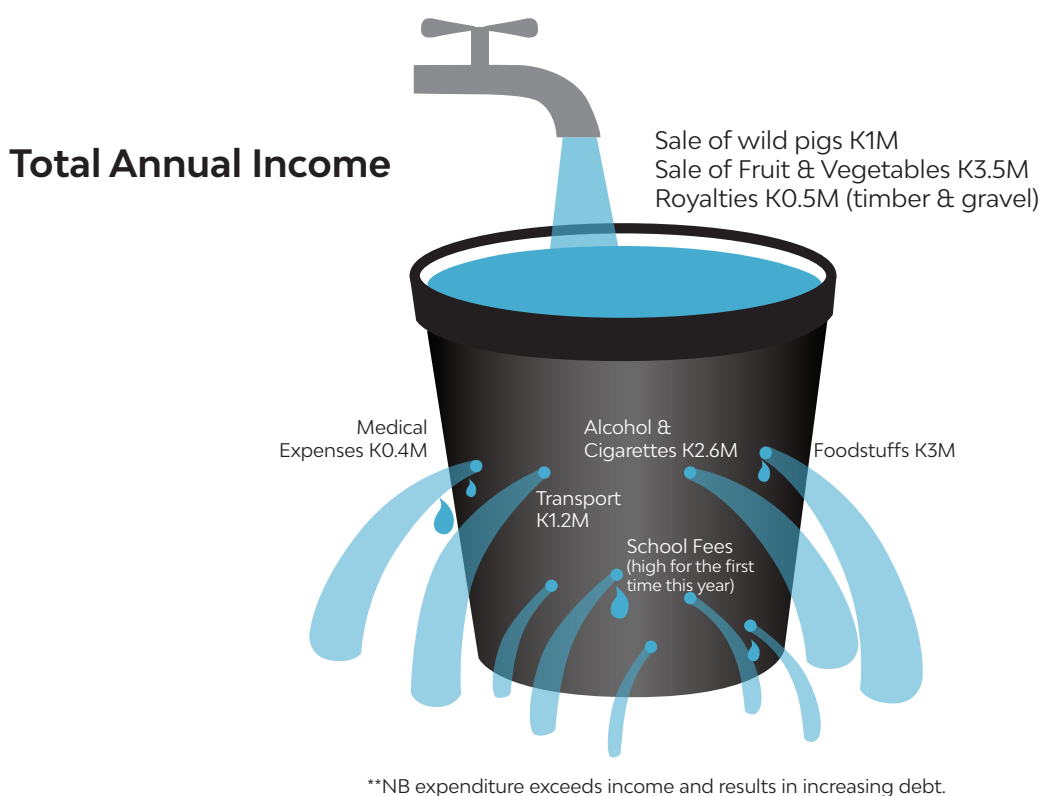
It is also possible to look at the multiplier effect purely in terms of money. Money flowing into a community can be multiplied if it is spent on local suppliers of goods and services, whose employees then spend that additional money on other local goods and services. Each dollar coming into a community can be worth just one dollar if it is spent outside the community (that is, with no internal multiplier effect) or it can be circulated around to produce many more dollars-worth of community wealth, as illustrated below.



A good way of illustrating the multiplier effect is the following “leaky bucket” diagram (Cole, 1990). The leaky bucket is a concept that can readily be discussed with any community to explain how the economy works, and to identify ways of strengthening the local economy.

1.3 THE MULTIPLIER EFFECT

This particular “leaky bucket” was developed for a community in Papua New Guinea in the rural fringe around Port Moresby, based on a workshop assessment of community income and expenditure (see case study 2.5).



This shows how money flows into the community like water through a tap, and it can either fill up the “wealth bucket” or leak out again. The wealth bucket will fill up if the money is circulated around through spending on local goods and services, and it will leak out as expenditure flows out of the community. The bucket is filled up by the multiplier effect of incomes spent locally, circulating around the local economy.

An example of significant leakage of money away from local communities is when major supermarkets dominate food retailing. These supermarkets are often promoted as providing relatively cheap goods to consumers, but this disguises a number of hidden costs. For example major discount stores in the US have been found to actually cost consumers more than the small local shops they replaced (Schuman, 2006), because:

- travel distance compared with local shopping is a hidden cost for the consumer
- overcharging is sometimes inbuilt into the system so consumers pay more than intended
- quality is often relatively poor
- consumers end up buying more than they intend as a result of aggressive promotion
- staff are sometimes poorly paid, so that their living costs are often subsidised through welfare payments.

1.3 THE MULTIPLIER EFFECT

The alternative of supporting local commerce is advocated, so that local economies are strengthened. This can be good for local consumers, good for the local economy, and good for energy savings and economic efficiency at the State and national level (with transport forming around 20% of the energy budget for some goods, Salleh, 2007). The case for keeping money local is well made.

The rising popularity of fresh produce markets in western societies illustrates how the depersonalization of the shopping experience can be reversed. These markets are also critically important for the local economies of many developing countries.

The lesson to be learnt from understanding the multiplier effect is that supporting local commerce is a key strategy for building local economies. This can be good for local consumers, good for the local economy, and good for energy savings and economic efficiency at the State and national level.

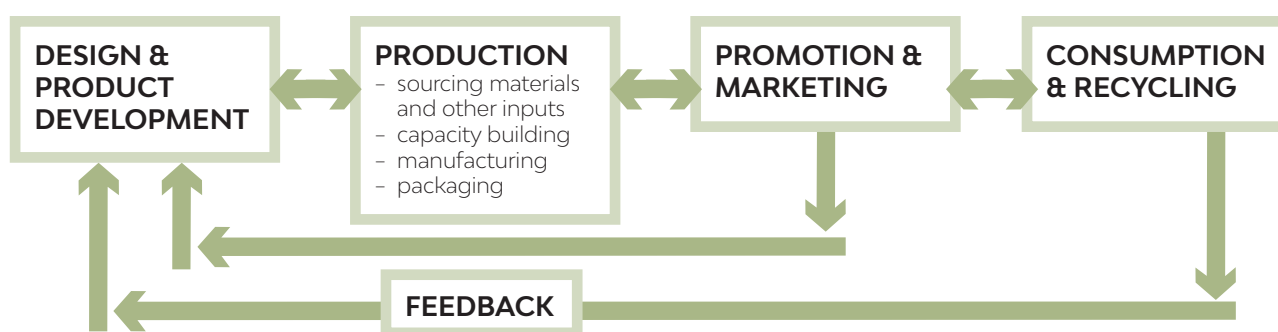
For optimal growth, it is important that the local economy goes beyond provision of local goods and services to tap into a broader market. A fundamental economic development concept is how the basic and non-basic sectors influence income, job growth and economic loss (leakage) in a market system. Money is brought into the economy by basic sector economic activities, which are those commercial activities whose goods and services are consumed by people from outside the local area. It is then in the interest of the local economy to keep this money circulating by creating spin-off activities in the non-basic sector, ie production of goods and services for local consumption. The more developed the non-basic sector, the greater the local economic benefits from the multiplier effect.

1.4 WORKING WITH VALUE CHAINS

For any production of goods and services, it is useful to examine how things work in relation to what is termed the “value chain”. Understanding the value chain concept can be very helpful in building economies. In most emerging economies it is useful to describe the value chain simply as follows.



When looking at larger and more complex economies, the value chain gets more intricate and is best depicted as a loop.



This concept explains how a business adds value to resources through a process of research and design, product development, reproduction, marketing, distribution and consumption. Strengths and weaknesses of each link in the chain can be assessed, and opportunities for adding value through the chain become apparent. For some enterprises, or clusters of similar businesses, there may be missing links in the chain, and filling these gaps is an obvious starting point for developing the economy. For example in the Philippines I saw shoes being locally manufactured by a group of entrepreneurs involved in all steps of the process except for making the soles, and this placed extraordinary costs on the whole enterprise cluster.

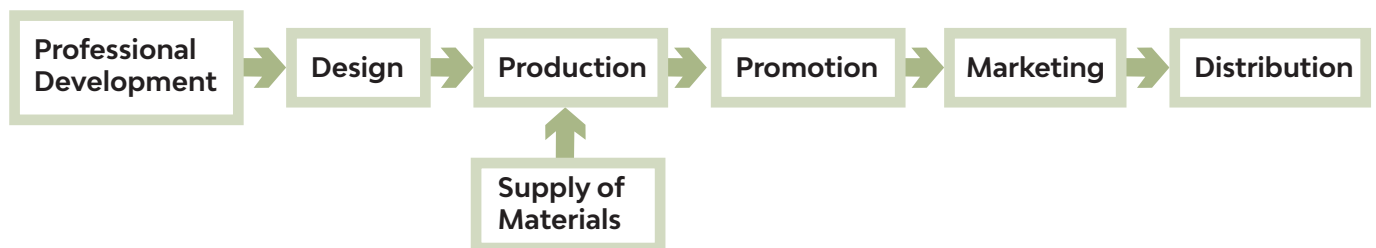
Growing existing or new businesses can benefit from value chain and value system analysis, to see how the value chain can be strengthened, and to predict possibilities for increasing or declining returns through competition. The value chain can also look at how resources are being used to best advantage, and how different value adding enterprises can be clustered around use of the same resource stream. As explained earlier, there may be particular advantages in supporting those enterprises which use competencies that are unique or difficult to replicate, and to contract out those which may suffer from future competition.

Value chain analysis is one area where I have found that an analysis of the strengths, weaknesses, opportunities and threats – SWOT – can yield good results (Cole, 1990). If participants in a particular economic sector can put together a diagrammatic value chain to show the production process, then each step in the chain can be interrogated for its strengths, weaknesses, opportunities and threats.

1.4 WORKING WITH VALUE CHAINS

This can result in a fairly robust set of strategies for strengthening existing businesses or business clusters.

As an example, I worked with a number of remote communities in Australia where Aboriginal artists had gained a reputation for the production of valuable artwork. There was a strong foundation in cultural heritage resources which drove artistic expression, and peer support for development of skills. Promotion of the artwork had been very successful, with some individual artists achieving a particularly high profile in the national and international art market. Other artists had some spin off benefits from the growing appreciation of Aboriginal artwork. In this case the application of SWOT analysis to the value chain was as follows.

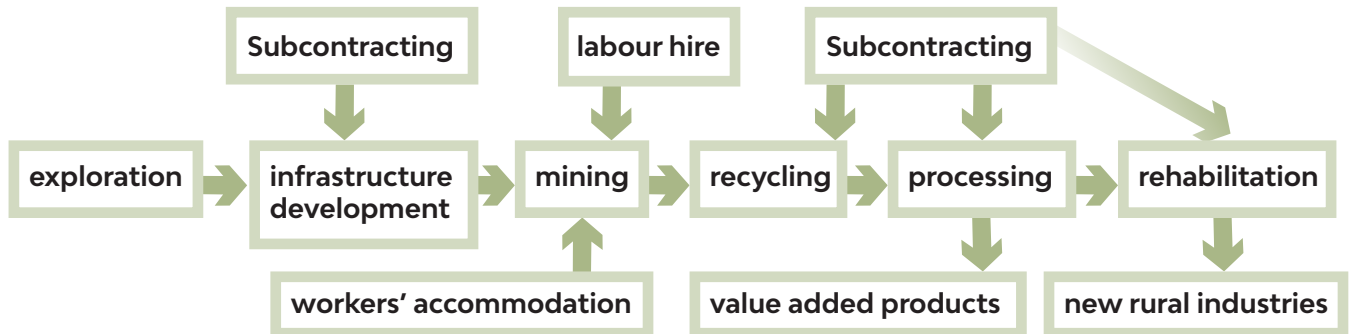


- **professional development** – weak for individual artists who are not linked to art centres, better where there are art co-operatives or centres that provide for shared learning and peer support
- **supply of materials** – this can be a problem in areas where there is no collective support for artists, for example in obtaining good quality paint, brushes and canvas
- **design of original artwork** – can suffer from lack of information about requirements of the market (for example souvenir production) so there is a glut of inappropriate or poor quality product that cannot be sold
- **promotion and marketing of artwork** – artists themselves are poor at promoting and marketing their work and they often rely on agents to arrange exhibitions or place their work in sales galleries. Some locations lack any marketing infrastructure such as gallery space. The emergence of Internet marketing as a tool has opened up new opportunities, particularly for those artists living in remote areas. Reliance on private galleries has been problematic in the past, with some exploitative relationships, but there have been steady improvements in recent years
- **distribution** – unless there are artist collectives, poor packaging and transport of artwork can lead to the value of the work being diminished. Because of these problems, some artists choose to transport their own works as the opportunity arises, taking time and resources away from their production.

The weakest link in the value chain was distribution, specifically transportation of large artworks. This often relied on trucks that were otherwise involved in conveying machinery or livestock, with the artwork sometimes being packed into a combined load. The common occurrence of valuable artwork being offloaded with irreparable damage from adjacent barbed wire and the like was a real tragedy.

1.4 WORKING WITH VALUE CHAINS

The mining economy provides an opportunity for more complex value chain analysis, suggesting how opportunities are opened up for enterprise linkages that can benefit nearby communities.

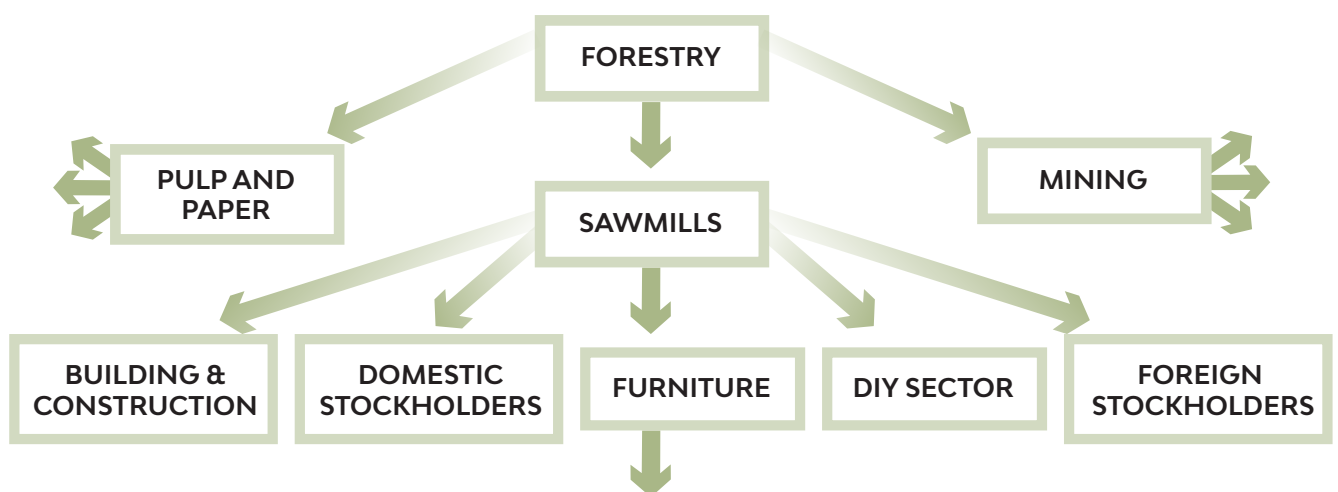


As an example, the opportunities for Aboriginal people as Traditional Owners of the mining country in Australia (see Case Study 2.9) have been assessed as follows.

- **exploration** – Traditional Owners have a monopoly over cultural clearance, and there is potential for employment in exploration activity. Exploration Agreements provide opportunities for negotiating monetary or other compensation. Infrastructure on Aboriginal land can be negotiated as part of exploration (for example roads, water supplies, power, camp accommodation).
- **infrastructure development** – some communities have demonstrated that it is possible to establish a road construction team if it is supported by a long term capital works plan.
- **labour hire** – Traditional Owner groups are well placed to establish labour hire operations, either on their own or in a joint venture with mainstream labour hire companies. This is particularly attractive to mining companies in an environment of severe labour shortage.
- **workforce training** – Mining Agreements commonly require cultural awareness training for their staff, and Traditional Owner groups have competitive advantage in the delivery of this training provided they can establish appropriate capacity.
- **subcontracting** – particular opportunities for a workforce with limited skills are cleaning and catering services, security services and components of periodic shut down contracts. Contracts involving low labour and high capital requirements, such as minerals haulage, may be relatively high risk.
- **workforce accommodation** – there are sometimes opportunities for establishing workers' accommodation on other landholdings. Allied services would include cleaning and catering within the accommodation complex.
- **mining** – there are employment opportunities in the mining of high value mineral ores, and some communities have an opportunity to develop their own small scale mines, possibly as a training facility linked to the larger mines.
- **processing** – Mining Agreements can offer preferential arrangements for enterprise development. This requires careful risk assessment in terms of workplace health and safety as well as financial liability.

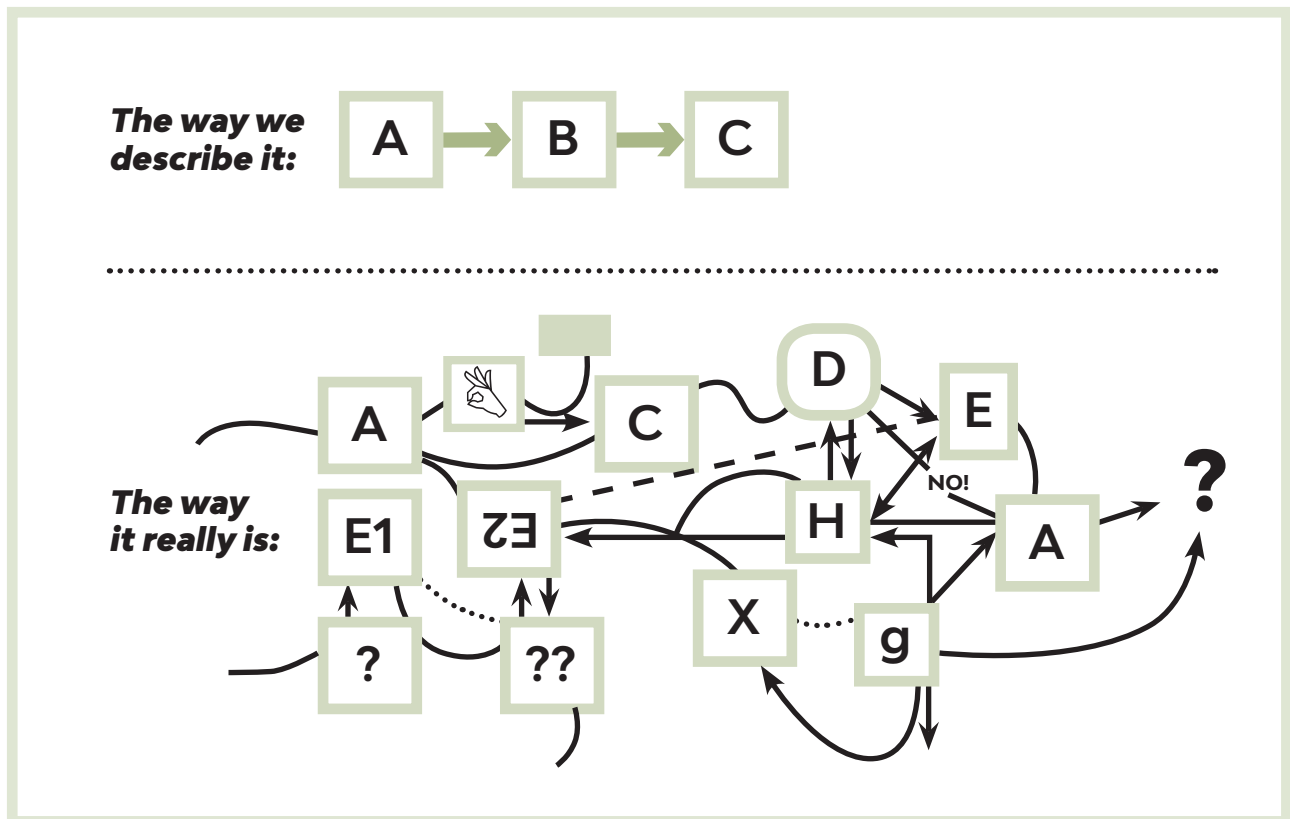
- **recycling wastes** – some mining waste streams have potential for recycling, and this can form an economic activity in its own right. For example, one community identified the economic value of timber that is cleared before mining, and the potential to either sell it or use it (for example in pallet manufacture).
- **new products** – value adding to processing or recycled wastes may give rise to innovative products. For example some of the waste materials that are currently stock piled within mining sites may have potential to be rendered inert and manufactured into building blocks.
- **rehabilitation** –this is often the area of most significant opportunity for Traditional Owner groups, as it leads towards a land based post-mining economy. There can be funds available from Mining Leases to support significant industry development, including nurseries, earth moving, planting and maintenance.
- **new rural industries** – rehabilitation planting can provide a sustainable base for harvesting, packaging and processing of crops, possibly combined with carbon credits.

It is possible to look at much more complex value chains, sometimes involving several interlocking chains, to see how resources are being utilised. An example is provided of forestry resource utilization.



This has been described by others as a value system rather than a value chain. It is a useful concept for examining how effectively local skills and labour are being applied to adding value to a local resource, to generate a wide range of products. It can identify the flow of inputs and services required to achieve a final product, and how these work together in practice.

As a final comment, it has been pointed out that value chain diagrams are a way of simplifying concepts, and that reality is always more unpredictable. The following diagram suggests some caution about over-simplification.



sourced from Brown, Bessant and Lamming, 2000

1.5 SEIZING OPPORTUNITIES

There are windows of opportunity for economic development in any community. However, it is likely that plenty of people will suggest opportunities which do not stack up when they are closely examined. Some opportunities involve more risk, including more capital investment, than others. Seizing the best opportunities involves taking a cold hard look at what is realistically achievable.

One of the best rules for pursuing opportunities is to “pick the low hanging fruit” to get quick and visible results. It is often important to find projects that can demonstrate early success to build confidence. Some longer term opportunities may also be worth pursuing so long as there is a sound planning framework, and local capacity for implementing the plan. Some of the best opportunities involve a staged approach to growth, starting small and then growing the business from within.

The starting point can come from surprising places. For example the rural town of Castlemaine in Australia is well known for its built heritage and artistic community, and it might have been thought that these would form the foundation of the economy. However there are other important enterprises which are not so immediately apparent. The “Castlemaine Hotrods” is a community driven enterprise based on traditional local crafts and trade skills. This now involves more than 30 local businesses and over 100 employees, some of whom have relocated to Castlemaine to join this collective venture. In the course of establishing this cluster, some entrepreneurs have established new international markets for their components (including specialist rail turntables and electric car conversions as examples), and have innovated to produce new components for a range of industries nationally and worldwide. This provides a good example of a global hub operating from a regional base (see Case Study 2.10).

Sometimes the starting point is quite different from the end result. For example, the economic renaissance of the small Cumbrian town of Ravenglass in the UK started with the acquisition of a disused railway line by a family group in the 1970s (see Case Study 2.1). Volunteers with the Ravenglass and Eskdale Railway Preservation Society have since helped in lovingly restoring a number of miniature steam trains, and running them to provide a wonderfully scenic narrow gauge rail experience. The steam railway attraction has grown steadily over the past 50 years, and is still expanding with added museum facilities. This helped turn around the decline of the town, which had lost its economic base and was losing its population. The inflow of tourists has encouraged development of a wide range of tourist enterprises based on the natural and heritage assets of the town. This includes a spectacular harbour that is the basis for water sports, a natural bird sanctuary attracting “birdos”, a medieval castle and Roman ruins attracting history buffs, the establishment of a new wildlife refuge attracting conservationists, wonderful scenery attracting artists, and a variety of trails attracting serious walkers and cyclists.

Whether the opportunities are short term or long term, or staged, the best chances of success will come if there is a planned approach to establishing and growing businesses (including business “incubation”) to ensure that there are sustainable outcomes. It is not advisable to rely on external experts to implement the planning framework, as these people are likely to come and go before the results are achieved. Instead, leaders in the local community need to be upskilled in planning for the development of a grassroots economy.

1.5 SEIZING OPPORTUNITIES

One way of identifying opportunities in a workshop setting is a modified form of SWOT analysis, which is developed by brainstorming ideas and viewpoints into a matrix of resources, needs, constraints and windows of opportunity (Cole, 1990).



Longer term opportunities need to be subject to a careful feasibility assessment that identifies what will be needed to develop particular types of enterprise, what risks are involved, and what the potential benefits will be. Bringing in external expertise to identify and propose how to manage risks can sometimes be appropriate.

A key point for working in any developing economy is to recognise the role of the informal economy, which lies outside the governance system of regulation, and lacks support services. It is vital that the value of the informal economy is strengthened through economic development, though sadly the reverse is often the case. Women and children are major players in the informal economy and are usually the losers if it disappears. The informal economy offers considerable opportunities for innovation and enterprise start-up, which can provide the foundation for strategically building the economy (see Case Study 2.4).

Fresh produce markets can often form the basic building block for the economy in developing countries, and these sit somewhere between the informal and the formal sector (see Case Study 2.2). They are often regulated by local government, and market traders often pay fees for use of space in the market. The earning of individual traders may often be small, but the cumulative earnings through the market can be considerable. Trading in primary produce converts crops and harvests into cash for the first time, then enabling these funds to be further circulated through the economy. Despite this significance, Governments often fail to recognise the full potential of fresh produce markets in contributing to the economy, preferring to invest in more conventional “big business”.

Communities which are indigenous to the land they occupy may benefit from a “customary economy”, including a range of productive activities that occur outside the

money economy but which have economic value. This can include wild food harvesting (hunting, bushfood gathering and fishing) as well as land management (for example containing pest species through hunting, controlling woody weeds by harvesting for firewood, traditional fire management) as examples from Australia's Aboriginal communities. Customary practices can provide the foundation for art and craft production for sale, and sometimes tourism, contributing to a "hybrid economy". Such hybridisation is seen as essential if a cash economy is to grow (Altman et al, 2004). Indigenous knowledge centres are a feature of some states or provinces in developed countries, safeguarding traditional knowledge that can contribute to community wellbeing in many ways, including provision of economic opportunities.

Secure access to land, whether traditional lands or other property, can provide a range of economic opportunities. In the city, even small plots can be used as a basis for urban food production and enterprise workspace as well as housing (subject to regulatory acceptance). More extensive tracts of land may provide for commercial cropping, extractive industries (for example soil or sand) and in future may be a valuable source of carbon credits within a carbon trading scheme. Unfortunately development pressures arising from urbanisation, and resulting land values, may squeeze out the spaces that could otherwise be used for small businesses. Mixing commercial uses with residential development can be vitally important for developing economies where transport infrastructure is poor or unaffordable.

Establishing a successful new business always takes time, and in communities where there is little experience of business operations and a low skill base there is likely to be even more time and risk involved. "Business incubation" is a process for helping new businesses get established through provision of shared facilities and business support services.

Typically, a business incubator provides accommodation at subsidised rental for a number of businesses in a building complex where there is some shared secretarial support staff and office infrastructure, such as equipment, photocopiers, telephones, office furniture and meeting rooms. Business support services such as business planning, financial advice and mentoring can also be provided. The usual model offers this type of assistance to new businesses for a limited period, say two years, after which they are expected to move on to larger or more formalised commercial or industrial premises. It can nurture a successful transition from a small home business, a trade stall in a local market, or a footloose start-up to a fully-fledged commercial enterprise (see Case Study 2.7).

For local economies which have a potential to "export" goods and services (or attract consumers from outside the local area to spend locally) their competitive advantage needs to be well marketed. This can be made easier if there is a consistent theme for marketing purposes. An excellent example of a community that has done this successfully is Clarksdale in the southern United States (see Case Study 2.3). This town suffered economic and social decline in the late 20th century, but in the last ten years it has revived its fortunes through promoting its unique wealth of blues music heritage and talent. There are now around 50 businesses based around the Delta Blues, attracting tourists from around the world, bringing new investment, new jobs, restored and refurbished buildings, new services, and a new sense of identity for the town.

1.5 SEIZING OPPORTUNITIES

It may be important to customise products for particular markets, and in some cases (as with Clarksdale and the Delta Blues) these may be distinctive niche markets. Pine (1993) describes a checklist for successfully targeting niche markets as follows.

Who	Who needs my product/service? What about it is inherently personal so that it can differ for each individual? How do my customers differ? How can I satisfy whoever wants my product /service?
What	What do customers do differently with my product/service? What different forms can it take? How can I satisfy whatever my customers want from my product/service?
Where	Where do customers need my product/service? How do customers differ in where they buy, receive and use it? How can I provide my service/product wherever customers want it?
When	When do customers need my product/service? How do customers differ in where they buy, receive, and use it? How can I provide my product/service twenty-four hours a day? How can I provide my product/service the instant customers want it? How can I provide my product/service whenever customers want it?
Why	Why do customers need my product/service? How do customers differ in why they buy, receive and use it? Is my product/service a means to an end, or something in between? How can I add more value to help my customers completely meet their true desired end?
How	How do customers need my product/service delivered to them? How do customers differ in how they buy and use it? What can I do to provide my product/service however my customers want it?

PART TWO

CASE STUDIES

2.1 RAVENGLASS, CUMBRIA UK: A CASE STUDY OF VILLAGE BASED TOURISM

Case study assisted by Clarissa Wilkinson, Nick Stanley and local community members



Ravenglass is a small village on the western coast of Cumbria. It has some unique assets: the Lake District National Park lies to the east, it is located on a picturesque estuary, there is a local castle set in expansive grounds, and there are Roman ruins in the vicinity. However there are also some features which might have been expected to hamper economic development: there is no bus or coach service, rail connections are very limited, there is a nuclear processing facility to the north and a military firing range to the south. The size of the village (around 350 people) provides a very limited economic base on which to build a tourism industry. Nonetheless Ravenglass has done it.

The contrast with the substantial town of Whitehaven to the north is striking. The 18th century old town of Whitehaven boasts a higher density of heritage listed buildings than anywhere else in England, and it contains a unique harbour complex with a fascinating history. It is well connected by all forms of transport including long distance tourism buses, and is located at a visually stunning juncture of the Irish Sea and the Cumbrian fells. Despite some considerable investment in restoration and civic improvements, and an employment catchment 50 times larger than that of Ravenglass, tourism has failed to take off. There is poor provision of tourism accommodation, virtually no tourism information service, no co-ordination of transport services, a lack of the most basic tourism facilities (such as public toilets), and no apparent strategy for the future development of the industry.

A major trigger for local tourism development in Ravenglass was the saving of the disused Eskdale railway infrastructure from the scrap heap in the 1970s by a family group, Lake District Estates. Volunteers with the Ravenglass and Eskdale Railway Preservation Society have since helped in lovingly restoring a number of miniature steam trains, and running them to provide a wonderfully scenic narrow gauge rail experience. The steam railway attraction has grown steadily over the past 50 years, and is still expanding with added museum facilities.

A parallel initiative has been the opening up of the nearby Muncaster Castle, a privately owned stately home and grounds, which is now a hub for community driven activities. A substantial part of the "castle" is lavishly furnished in period style and open to the public. The grounds provide a range of natural and cultivated landscapes, as well as significant conservation initiatives (initially hosting the Word Owl Trust and now accommodating the Hawk and Owl Centre owned by the Hawk Conservation Trust). The grounds are used as a venue for community events and heritage reenactments, and there are tourism catering enterprises (gift shop, restaurant) in the old stable block. This complex reflects a very productive partnership between the estate owners and a range of community based enterprises.

Ironically, the most recent expansion of tourism assets has resulted from the rediscovery and interpretation of early relics from Ravenglass's past, as a Roman settlement in the 2nd century. For around 300 years the safe natural harbour was an important naval base, linked to a chain of fortifications inland, ultimately connecting with the famous Hadrian's Wall structure (a UNESCO World Heritage site). It was also a focus for seaborne trade, linking to a network of land routes along the coast and reaching inland. Local relics include the ruins of a bath house, but the whole of the coastal town has been mapped out. It was clearly a major settlement, with a garrison of 500 soldiers, additional service providers and their families, possibly amounting to a total population of several thousand people. It was a supply port for the whole of north-west England.

Inland, perched at the head of Eskdale, are the much more substantial ruins of another Roman fort which overlooks the valley leading towards Ravenglass. The walls of the fort and its internal structures are clearly evident, even after many centuries of the stonework being removed by farmers for constructing the dry stone walls that enclose their sheep herds. Muncaster Castle is thought by some to have been built on the site of yet another fort, with the building materials recycled from this earlier structure. These forts were virtual townships in their own right, housing several hundred people.

The departure of the Romans led to a substantial decline in the local population. The military significance of the port was probably maintained during Viking and Norman occupations but subsequently lost. However there was a thriving local economy based on fishing and agricultural processing, which sustained a population of around 600 people through to the late 18th century. The port activities included catching salmon in river traps (the remains being still evident), as well as smuggling contraband. Agricultural processing included marketing cattle and milling wheat, and a local mill still exists as a point of interest for tourists.

The importance of Ravenglass as a port declined further in the 18th century due to silting up of the estuary, and the port of Whitehaven developed at this time to take over this important role. However the population did not suffer serious decline until the 20th century, with a halving of the population by the 1980s (population 272 in 1981). Tourism development since then has led to a partial population recovery.

The current village is focussed around a single street which leads from the railway station to the estuary. Along the way there are small scale accommodation establishments, cafes, restaurants/pubs and artists' studios. Across the water much of the land has been protected as a bird sanctuary (the Drigg Local Nature Reserve) creating an additional point of tourism interest.

The Ravenglass tourism experience starts as visitors arrive at the railway station. This occasionally features a restored street organ playing music from the early 20th century, specifically appealing to the older demographic but also providing a point of curiosity for younger visitors. The use of music as part of the arrival experience is a trick recently adopted in some major international airports and resorts, and it works well. The arrival point includes a hub for tourism information, as well as a gift shop, café and public toilets – essential infrastructure for tourists arriving by or waiting for a train (Whitehaven take note).

Another important lesson to be learnt from the Ravenglass success story is the way that different tourism attractions and travel experiences have been linked together, and increasingly promoted as a network over the past 15 years. This gives a rich variety of ways in which the local area's tourism resources can be explored.

Travel experiences include:

- Walking a circuit around the village from the railway station/car park (point of arrival) through the mainstreet to the estuary shore or beach (depending on the tide) then up through a field to the ruins of the Roman bath house, further up leafy tracks to Muncaster Castle and its extensive grounds, back to the village via the older corn mill;
- Travelling by miniature steam train on the narrow gauge railway up the Eskdale valley, with possible stopover and walking experiences at the various "stations" along the way, and a tour around the railway museum in Ravenglass for interpretation of the railway's heritage including its significance in mining for iron ore and quarrying;
- A day tour cycling up the Eskdale valley and back, with this being described as a whole day cycling experience that is the most spectacular ride of the lot amongst a number of potential bike riding experiences in the UK (Les Woodland, 1992);
- Water based experiences including passive observation of boats and birds, mildly energetic beach walking, paddling or swimming, and participation in active water based sports – this includes an annual Seaquest orienteering event in the estuary using canoes, sea kayaks or other craft;
- Adventurous travel by motor vehicle over the Hardnott Pass, one of the most scenic but challenging roads through the Lake District National Park, arriving in Eskdale via the magnificent ruins of the Roman fort with its fascinating interpretive signage.

Advertising this array of tourism possibilities gives Ravenglass a significant marketing edge over towns which rely on promotion of individual tourism attractions. Everyone benefits from this collective approach.

The second important lesson is the way in which local tourism has been driven by the local

community rather than by external tourism agencies or investors.

There are several project partnerships (for example Roman Ravenglass, Ravenglass Coastal Partnership) involving local/voluntary organisations such as:

- the Muncaster Parish Council
- the Ravenglass Village Forum
- the World Owl Trust
- The Ravenglass and Eskdale Railway Preservation Society
- The Eskdale Cumbria Trust (which manages the railway museum).

Projects also involve:

- investors such as the Pennington Hotel and the Muncaster Estate, as well as individual landowners
- external funding agencies such as the Heritage Lottery Fund, the Copeland Community Fund and the European Regional Development Fund
- external heritage agencies and regulatory bodies including the Arts Council, Lake District National Park Authority, Cumbria County Council, Network Rail and Northern Rail
- tourism agencies - South Copeland Tourism and Cumbria Tourism.

At the point when the population was in decline and services were being withdrawn, it would have been easy for this very small community to do nothing about developing its own economy, and slip into being a low key retirement village. This has been the fate of many other coastal villages with depressed economies, leading to further loss of jobs and services. What seems to have happened in Ravenglass is a number of parallel initiatives which have enabled local people to actively participate in, and benefit from tourism. Much of this participation is voluntary, but it is clear that tourism spending sustains local businesses and services. There is also strong feeling of pride amongst residents in the achievements arising from their voluntary efforts and entrepreneurial activities, strengthened by the appreciation that tourists show for the local tourism experience. A major tourism award in 2015 provides further validation of the Ravenglass success story.

2.2 HONIARA, SOLOMON ISLANDS: THE ROLE OF MARKETS IN THE ECONOMY

Based on work undertaken with Arlene Lingo in 2010 as part of UN Women's Partners Improving Markets program



Honiara is the capital of the Solomon Islands, with a population of over 80,000. It contains a number of different markets spread through the urban area. A 2010 project sponsored by UNIFEM included an analysis of the economic performance of two of these markets: the small Hendersons Market near to the airport involving around 30 traders, and the Central Market involving around 1,000 traders at peak times. In the following summary, costs and earnings are stated in Solomon Island dollars (in 2010 USD\$1 = SBD\$7.7).

Hendersons Market

This market occupies a tiny site of just 300m², but is in a location where there is extra land available for expansion. Land tenure is unclear (as is the case with most other small markets in Honiara) and this hampers plans for expansion and provision of infrastructure. Currently the market assets are limited to self-built rough timber stalls with a couple of roofed buildings and a curtained pit toilet. There are no workers employed as cleaners or security guards, as these functions are provided by the traders themselves working as a co-operative group (for example a once weekly group clean-up).

Most traders are from farming families within the local land owning group, and the focus is on selling farm produce. Hours are irregular but the market operates at most times during the day, and a few people trade into the night. The locational advantages of this market arise from taxi and bus drivers who stop by for refreshments after taking people to the airport, and athletes who buy food after practicing on the adjacent sports grounds.

2.2 HONIARA, SOLOMON ISLANDS

The traders walk to the market carrying their produce, walking for 30-60 minutes each way. A few people use wheelbarrows, but this is not particularly cost effective due to frequent tyre punctures and wheel breakage. It is difficult to tell whether the volume of trade is limited by the amount that the traders can carry, the volume of surplus crops available to sell after subsistence needs have been met, or the volume purchased by consumers. However the impression from talking to traders is that if there was more demand, they could supply more produce.

Data collected from a sample of traders suggest that:

- most traders worked 6 or 7 days per week, with a few taking their goods to other markets on some days of the week – the increased sales income on these days is largely offset by high transport costs
- all traders were also involved in primary production with 1.5 equivalent full time worker producing goods for every person involved in marketing, but with a sharing of responsibilities within the family (more often women and children trading and men farming, but sometimes with these roles reversed)
- only around 10% of produce brought into the market was lost through theft or deterioration (theft is minimal due to the police post at the airport being directly opposite the market)
- there were an estimated 300 customers visiting the market every market day on average, with an average expenditure of \$20 per visit, but with some customers buying large volumes to on-sell in the Central Honiara Market (in the absence of a wholesaling system) where prices are about double those at Henderson Market.

Based on the survey, the total market sales were worth around SBD\$6,000 per typical market day or SBD\$1.8M per year. There represents an average gross income of SBD\$60,000 p.a. per trader, of which 20% is taken up by direct and indirect costs and 50% is taken up by imputed wages of the trader and supplier farmers. The market directly creates 30 jobs but supports 45 full time equivalent primary producers (selling surplus to subsistence requirements).

It is likely that for each SBD\$1 of spending by customers in the market, there could be an estimated increase of over SBD\$1.5 in spending power within the local economy, so that the annual impact on spending could be around SBD\$3M. This demonstrates the significant economic contribution made even by this very small market. While it operates outside any formal economic structures, its economic contribution is clearly significant. Formalising the market would enable this contribution to increase, but as with other informal markets in Honiara and elsewhere this is prevented by failure of the national government to determine land title, as a basis for secure investment in market infrastructure.

The Central Market

This market is on a prime site of over 9,000m², and most of the stalls are accommodated within a covered market hall. The hall was built in 1996 with funds donated by the Japanese government. It is owned and managed by the Town Council, which charges a fee to traders and additional fees for particular services (sale of ice to fish traders, hire of stools, rent of lock-up shops, parking tickets, toilet fees). Stall fees vary with the type and value of goods sold but are typically around SBD\$10-20 per day. Total market revenue for Honiara City Council was around SBD\$3M per annum, and around half of this was reinvested in wages for market staff (security, cleaning, etc) and market infrastructure. There are over 800 traders, up to 1,000 on

2.2 HONIARA, SOLOMON ISLANDS

some days, with the main focus being on fresh fruit and vegetables as well as fish. Some traders are from farming families who travel substantial distances and sleep overnight in town until their goods are sold. However the majority are “on-sellers” who buy from farmers and sell at a profit. The location on the waterfront enables fish to be brought straight into the market from fishing boats. The market trades six days per week in daylight hours.

The cost of goods to the traders averaged about 44% of sales turnover, with the assumed costs for primary producers equating to costs of production (net sales earning around 50% of turnover when other costs are included). The next most significant cost was travel, at around 8% of the net sales earnings, and market fees accounted for 6% of net sales earnings. The average turnover per week was SBD\$276 for an average working week of 34 hours (around SBD\$8 per hour) substantially less than the incomes of traders at the Henderson Market, but largely independent of a production base on farm. However there was considerable variation between types of trade. Around three quarters of those interviewed were involved in selling fresh fruit and vegetables. The following trader categories had earnings well in excess of those selling fruit and vegetables:

salt fish	SBD\$4,525 per week	(SBD\$77 per hour)
fresh fish	SBD\$4,223 per week	(SBD\$200 per hour)
peanuts	SBD\$1,386 per week	(SBD\$32 per hour)
cooked food	SBD\$900 per week	(SBD\$30 per hour)
craft	SBD\$867 per week	(SBD\$25 per hour)

The exceptionally large incomes for salt fish vendors requires explanation. Salt fish is obtained from foreign commercial trawlers offshore who generally barter the bycatch (which is salted in the hold) for fresh fruit and vegetables, or more recently for sexual favours. Monetary sale from the ships is prohibited. This represents a considerable commercial opportunity as the salt fish can be re-sold in markets at a highly competitive but still profitable price. There is considerable controversy over the way salt fish is obtained and traded, as it undermines the incomes of local fishermen who sell their fresh fish and also encourages the illegal sex trade.

The annual sales turnover within the market was estimated as over SBD\$10M per annum, with a possible economic impact (through the multiplier effect) of around SBD\$25M. Taken as a whole, it would appear that the market provides a turnover equivalent to around 4,000 basic salaries (which are around SBD\$4.50 per hour in Honiara), possibly supporting around 16,000 people as immediate family members (around 20% of the urban population). In addition, given the proportion of primary producers amongst traders, it is likely that the Central Market supports a further 2,000 equivalent jobs outside the urban area in primary production. This supplements subsistence production for these producers and helps to support an estimated rural population of around 6,000 people including dependants.

Transport costs incurred by vendors were over SBD\$1M per annum, and it is likely that transport of customers involves an equivalent sum. If around 25% of transport costs were involved in paying the wages of transport service staff, then the market would appear to generate jobs for an additional 300 people in the transport industry at basic salary levels.

2.2 HONIARA, SOLOMON ISLANDS

It is assumed that the capital employed in the Central Market (ie value of the site, market shelters, umbrellas, vendors' tools and working capital) would be in the order of \$10M. If the market was operating as a business, and vendors were paid a basic wage to sell their goods (about half the average net earnings of vendors in the present situation, around SBD\$2.5M) and the resulting profits are added to the Councils operational profits (around SBD\$1.5M), the return on capital employed would be calculated as:

$$\frac{\text{SBD\$4M net profit}}{\text{SBD\$10M}} \times 100\% = 40\%$$

If provision was made for a maintenance sinking fund equivalent to 10% of capital costs per annum, which would appear to achieve a sustainable asset management regime, the return would be around 30%, which is still an extraordinarily high figure. This is despite the fact that for individual vendors the earnings are not so impressive, with many at the lower end of the earnings scale only just making ends meet.

Fresh produce markets are increasingly recognised for their contribution to developing economies, enabling primary producers to convert their goods into cash, and starting the process of circulating money and building the economy from the bottom up. In this way they can be regarded as the foundation of the urban economy in Melanesia and elsewhere. They also serve vital functions as hubs for social interaction, information and access to services. The range of services they provide and the scale of their economic contribution is rarely quantified and goes largely unrecognised.

Taken as a whole, Honiara Central Market provides an excellent business model for both the Council and the vendors. The common categorisation of market traders as working in the informal sector is questionable here, given that traders are highly regulated and their fees pay for the infrastructure provided. In terms of turnover and return on capital, the Honiara Central Market is possibly the largest single business in town, perhaps the most significant single business in the whole of the Solomon Islands.

2.3 CLARKSDALE, MISSISSIPPI: AN EXAMPLE OF DOWNTOWN REVITALISATION

Case study contributed by John Henshall, Essential Economics Pty Ltd, Melbourne



The downtown areas of many American cities and towns have lost their role as economic centres where businesses provide jobs and services for residents and those living in the surrounding hinterlands. These trends are very much in evidence in the South where significant political, economic and social change has been taking place over many generations.

This was the case for Clarksdale, Mississippi (population 17,000). The town is located in the northern part of the Mississippi Delta, that huge expanse of rich alluvial soils which extends from Memphis in the north to Vicksburg in the south, and which embraces the floodplains of the Mississippi and Yazoo Rivers. Situated at the junction of Highways 49 and 61, Clarksdale is located some 125 km south of Memphis, Tennessee, and has developed as an important centre serving the smaller settlements and farming communities in this part of the Delta.

Driving into the downtown is like entering a small southern town locked in the 1940s. The mainly late 19th Century buildings have only survived thus far because new development over the past 30 years has been located out of town, mainly along State Street (formerly the route of Highway 61, which has now re-located away from the urban area). Ten years ago, not much commercial activity was happening in Downtown: some 40% of the buildings were empty and derelict, and those businesses still in operation appeared to be just making ends meet in terms of local sales. In a word, the Downtown was 'moribund'.

But the broken pavements and generally dishevelled edginess of the Downtown also reflect the underlying strength of Clarksdale, with its roots in Blues music and Delta culture. This is the Crossroads: the place where - as tradition has it - Robert Johnson went down to the intersection of Highways 49 and 61 and sold his soul to the devil in return for the gift of being able to play the blues guitar. This is the birthplace of Son House, John Lee Hooker, Earl Hooker, Jackie Brenston, Ike Turner and numerous other icons. BB King and Muddy Waters were born nearby, and Bessie Smith died here. Sonny Boy Williamson, Elvis Presley and Sam Cooke were heralded at the local WROX radio station. Others have called Clarksdale 'home' at some stage or another, and include Charlie Patton, Bukka White, Pinetop Perkins, Frank Frost and Sam Carr. And at the nearby small settlement of Tutwiler, WC Handy in 1903 came across the music he was to describe as "the weirdest music I had ever heard", and which was to become the blues music phenomenon.

Clarksdale has taken up the challenge to 'revitalise' the Downtown in the face of adversity that stretches back for decades. In terms of population, for example, Coahoma County (in which Clarksdale is located) has experienced significant decline in population numbers since the 1950s when the population in the County and City peaked at approximately 50,000 persons. By 2015 the total population had declined markedly to around 25,000 persons - this is less than the number of persons who lived in the area in 1900 (26,290). Population loss over the years has been due largely to the mechanisation of farming, especially in the cotton plantations, and in more recent years the loss of much of the city's manufacturing base. This resulted in significant unemployment levels and the migration to the large industrial cities in the north of those seeking work.

Other factors include the poor socio-economic conditions of Delta towns and communities, the lack of adequate education facilities, and the perception of better prospects by moving to larger cities. On average, people living in Clarksdale and Coahoma County tend to have a lower socio-economic profile than the State and national averages. This situation is reflected in Census data relating to education, household income and housing value.

By the early 1950s, according to the Chamber of Commerce at the time, the city had a total of around 650 retail businesses, most of which were located in the Downtown and were serving a trade area comprising some 130,000 residents. Today, the Downtown has approximately 75 retail businesses and the trade area has declined to an estimated 70,000 persons.

By the 1970s a number of new trends were becoming evident and were to lead to the decanting of business activities away from the long-established parts of the Downtown. Principal among these trends was the relocation of many businesses to large and affordable sites located out-of-town on State Street where exposure to high volumes of highway traffic was significant and where the trend for 'big box' retailing could be more readily accommodated on large sites with ample room for on-site car parking. Significantly, Wal-Mart opened on State Street and this led to strong competition with small businesses in the Downtown area. Since that time, many new and expanding businesses have sought locations in State Street as the focus for retail and other business activities.

Despite the fact that Clarksdale/Coahoma is one of the poorest localities in the nation in socio-economic terms, it is also one of the richest in terms of its Delta culture and intrinsic relationship with Blues music. This an important resource contributing to downtown revitalisation and business and employment growth.

Downtown Clarksdale is changing, ever so slowly, but surely. It is undergoing a renaissance in economic terms, and this is helping to form a new sense of place for Clarksdadians and for the many visitors who come to the town each year to appreciate a place that is, indeed, the cradle of Blues music. This economic renaissance is reflected in the growth in new businesses in the Downtown, bringing new investment, new jobs, restored and refurbished buildings, new services, and a new sense of identity for the town. Most importantly, the renaissance is also bringing new residents to Clarksdale who complement the creative talents of existing residents and thus help to revitalise the Downtown economy and provide a catalyst for renewal and for business and community development.

Today, some 50 businesses in Downtown have a relationship with Blues and Delta culture. Examples range from museums and art galleries, to cafes and restaurants, a recording studio, visitor accommodation, juke joints and other venues. Very few of these existed, even ten years ago. And in just the past five years or less, Clarksdale has another art studio (Lambfish), at least 8 new places of accommodation (including The Lofts at the Five and Dime, The Squeeze Box, Hooker Hotel, Delta Digs, Blues Hound Flat, Holy Moly Accommodation, and several others), 2 new café/coffee shops (Yazoo Pass, Holy Moly Soda Fountain), 1 new restaurant (Oxbow), a function centre (The Bank), 1 newly-restored venue (New Roxy), several new shops (women's fashion, hairdressing, musical instruments, etc); and among the new events, the annual Clarksdale Film Festival.

Mention must also be made of the Shack Up Inn (now incorporating Rust restaurant), Shacksdale and Hopson's Commissary, all of which are unique places of accommodation and dining/venue attractions in their own right and are located just a couple of miles out of town on Highway 49.

Although much is available in the academic literature about the 'creative class' and 'creative cities', the revitalisation now underway in Downtown Clarksdale is home-grown: the local community has come together and identified their need to 'revitalise', they became organised and incorporated (Clarksdale Revitalization Inc), they employed a co-ordinator, and they set about introducing improvements to their Downtown. Initiatives by local property owners, developers and businesspeople are creating new and expanded opportunities in business and, in so doing, are helping to sustain the community, create jobs and keep the Blues and Delta culture alive.

The role of 'champions' is important in this regard. Two prominent individuals who provide the inspiration, drive and leadership in the Clarksdale community are Bill Luckett, a prominent lawyer, investor and developer in the town and the City's Mayor, and Kinchen 'Bubba' O'Keefe, a local contractor with a long history of contributing to community service, building redevelopment and refurbishment, and local enterprise. Each individual, in his own way, provides the initiative to identify projects and work towards their satisfactory conclusion. In some instances, the task was huge and took a long time (such as eventually restoring the historic Alcazar Hotel and the McWilliams Building), while in other cases important achievements were more quickly made (such as the iconic Ground Zero Blues Club, the restoration of the historic Greyhound Bus Station, and the conversion of the Woolworth 'five & dime' building into a popular restaurant with contemporary lofts above).

While people like Messrs Lockett and O'Keefe provide the necessary inspiration and leadership, many individuals contribute their time and effort in supporting Downtown revitalisation in some form or other. These individuals can be broadly described as being among Clarksdale's creative people.

In April 2008 Clarksdadians decided to ensure that the momentum was maintained in revitalising their declining Downtown. An Action Plan was prepared and this was subsequently adopted by the new Clarksdale Revitalisation Inc Board. The Plan provides the following assessments:

- Why Downtown is important
- The socio-economic setting of Clarksdale and Coahoma County
- A statement on Clarksdale's Downtown, yesterday and today
- A description of tourism in Downtown Clarksdale
- A listing of community views on the outlook for Downtown renewal/revitalisation
- A listing of key issues to address
- An Action Plan for economic revitalisation, including Vision, Objectives and Actions
- A listing of Ten Essential Do's and Don'ts

Lessons from the Clarksdale experience that may apply in other small cities and towns taking on the task of promoting revitalisation of their Downtown (or activity centre) include these principles.

- 1: Recognise the importance of a particular asset, theme or feature upon which economic and community development can be pursued.
- 2: Recognise the role of 'champions' and 'creative' people in initiating new opportunities.
- 3: Get organised and generate community support.
- 4: Ensure everyone is 'reading from the same page'.
- 5: Prepare an Action Plan and build a data base.
- 6: Facilitate the availability of supporting infrastructure and services
- 7: Hold festivals and other events to attract local residents and visitors
- 8: Recognise the importance of 'comprehensiveness': it's not just about 'downtown'.
- 9: Encourage building renewal and refurbishment.
- 10: Encourage the growth and viability of existing and new businesses.

2.4 AYIJA, IN KUMASI, GHANA: MAXIMISING EMPLOYMENT IN THE INFORMAL SECTOR WITHIN A MIGRANT SETTLEMENT

Contributions by Chief Azumah Ndagu and Issaka ali Sambo



This case study is based on two year participant observation research conducted in the mid 1970s, at the time when the Ayija Zongo (migrant settlement) was first being developed, and observations of the following process of urban development. In the subsequent 40 years the settlement has more than doubled in population and become consolidated within the urban complex that is Ghana's second largest city. The University of Kumasi used the 1970s study as a baseline for subsequent review of the development of Ayija. It appears it has retained its sense of separate cultural identity and a large measure of economic self sufficiency. However as it has grown it has lost its rural green belt, with consequent deterioration of environmental health due to lack of clean water and sewerage, as well as access to food resources.

Ayija was originally a small village on the outskirts of Kumasi, and the zongo was developed adjacent to this village to accommodate people predominantly from Ghana's northern tribal groups moving into the city. At the time of research, the population of Ayija Zongo was around 8,000 people (it is now around 40,000). As was the custom, the migrant tribal leaders sought permits from the village chief for establishing the settlement, and a layout of housing plots was agreed. The zongo grew to accommodate around 30 different tribal groups, each with their own leader. There were periodic tensions between the migrants and the villagers, but a remarkable cohesion between the tribal groupings in the zongo.

The employment structure within the zongo was mapped out in full (all households surveyed) and it appeared that a minority of workers were employed in the formal sector, and almost all of these jobs were outside the community. Particular opportunities were within the nearby university campus, which employed around a quarter of all of the Ayija workforce, and it is clear that one of the reasons for the zongo's growth was the proximity of this source of employment. However this was predominantly employment for men. Very few women had formal jobs.

Virtually all able bodied adults were employed in some capacity, with a majority of workers and almost all women being involved in local work within the informal sector. Without any provision of services from the government, the community filled the gaps through its own enterprise. Around 20% of informal sector workers earned money outside the zongo.

The range of informal sector enterprises was mapped out as follows.

- primary production – farming, digging sand. Palm wine tapping, hunting, collecting firewood, gathering wild foods
- manufacturing – processing foodstuffs including drinks, soap making, weaving and sewing, basketry, bead making, shoe making, woodwork, metal work, charcoal burning, glue manufacture, photography, making plastic flowers, making beads, sign writing, building
- distribution services – trading in goods including cooked foods, drinking bars, selling water, credit provision, transportation, letting accommodation
- other services – informal banking, selling lottery tickets, healing, preaching teaching, washing and cleaning, security services, hairdressing, circumcising, letter writing, entertaining, repairing, running errands, administration and management
- illegal activities – smuggling, drug peddling, prostitution, abortion, picking pockets, burglary, livestock rustling.

Of course there were many enterprises that defied classification. One example is a local beggar (one of very few in the zongo) whose activities were illegal according to Ghanaian law, but who met a need within the predominantly moslem migrant community as a recipient of obligatory alms. This man was a cripple who would have had difficulty finding alternative employment. There were two distinct aspects of his enterprise, one being the collection of alms from those who felt obliged to donate alms to the poor, and the other was as an informal banking service changing banknotes to small change for a commission.

Generally earnings in the informal sector were less than those from the formal sector, but this reflects the part time nature of the work undertaken by women, who had prime responsibility for looking after children. Some informal sector jobs resulted in higher earnings than the formal sector, and the lack of transport costs was an added bonus.

Some of the illegal activities were condoned within the settlement. Smugglers gained substantial incomes from bringing foreign goods into the settlement, and they formed a distinct clique which had its own mosque. Prostitution was especially significant in the early days of migration when there was gender imbalance, and this declined as more women moved into the community, but it did not receive disapproval – rather it was seen by some as a demonstration of women's independence. On the other hand stealing from local people received immediate retribution, with rough justice involving community chases culminating in hammering a nail through the skull of the thief.

Based on some case studies of sample migrants it seems that most migrants did not move to the city with any established skills apart from farming. They learnt new skills rapidly, and the process of upskilling was ongoing. Workers in skilled occupations were often involved in teaching young people, as informal trainees or paid apprentices. Trainees sought to develop their skills in occupations which could yield an income within a short time, and in enterprises providing goods or services for which there was unmet demand. Popular areas were basket making, bead making, watch repairing and driving, as examples. A local seamstress training school was very popular as sewing was seen as an essential skill for women, so that this facility acted as a virtual finishing school for many young girls.

Many individuals combined different jobs. For example they might trade in fresh foods during the day but prepare and sell cooked foods at night. The fact that many workers bought their evening meal rather than preparing it themselves stimulated this part of the economy.

Some of the most successful enterprises had potential to grow and employ more people but were hampered by supply of raw materials. A local metal worker spent most of his time seeking out scrap metal for recycling (such as used bandsaw blades for making cutlasses). Local cooking pot manufacturers also relied on uncertain supplies of scrap metal. Women extracting palm oil spent as much time seeking out raw materials as they did on processing and sales, with supplies made difficult by diversion of product into the export market.

There was apparent difficulty in moving from a one-person enterprise to a business employing several workers. There was a clear preference for employing family members first, or as a second option recruiting fellow tribesmen. This was not just a matter of loyalty, it also was a way of managing risk around trust. There were many stories of businesses failing because of theft by employees. Owners of transport businesses (who sometimes provided capital but lacked the ability to drive) were especially vulnerable to losses due to poor vehicle maintenance or irresponsible driving.

Staying within the informal sector avoided problems of dealing with the bureaucracy required for business and product registration. The local soap maker provided an example of an enterprise that had the potential to grow, but which was prevented from doing so by red tape. His soap was of exceptional quality and was eagerly sought out by people beyond the zongo, with his earning increasing ten times within the space of a year. He contemplated expanding his business but found he was required to register a trademark before he could supply formal retailers, and this required production of a tax clearance certificate. He was simply unable to deal with this. He also sought a loan to buy a vehicle and establish a small factory, but was unable to provide the necessary documentation about his (substantial) income to justify the loan.

Lack of access to formal banking impacted on the earnings from savings as well as borrowing capacity. Even the formal sector workers generally lacked bank accounts. Many people were involved in saving from their earnings, but they received no interest and in many cases paid people to save their money for them. These were the 'susu' men who collected earning from traders on a daily basis, charging 3% per month to keep these funds securely, and lending out funds at a similar rate. Other workers invested in fixed assets such as building materials, jewelry or livestock.

Contrary to most assumptions in the literature, the earnings of zongo migrants did not appear to be significantly higher than those of rural farmers, and expectation of monetary gain was not the sole reason for migration. There was a continuing exchange of resources between migrants and their rural families, though this was subject to seasonal fluctuations. The villagers generally sent rice, millet, eggs, groundnuts and vegetables. City dwellers sent back cloth, furniture and machinery as well as some money. While it is difficult to generalise about the factors producing migration (with fear of witchcraft amongst a complex web of decision making) it seems that establishing a capacity for exchange of rural and urban resources helped sustain both rural and urban dwellers.

The way that the local economy worked can be summarised as follows (estimates extrapolated from survey results). Formal incomes and pensions came into the local area from about 25% of workers. Local informal sector earnings were generated from 75% of workers adding and redistributing proceeds from the formal sector earnings. Much if this money was kept in local circulation, but with some spending on goods and services from outside the local area. Taxation, savings and remittances played a relatively insignificant part in the total economy.

As the zongo has grown, the various enterprises based on primary production (hunting and wild food gathering, farming, sand digging, palm wine tapping etc) have ceased, and many of the previous enterprises have been spatially squeezed out. However there is now a plethora of small retail stores and workshops, with recycled metal containers replacing some of the former more flimsy structures, and some living accommodation converted to shops. There are also private businesses providing water supply and public toilets. A trading hub has been established on the highway fringe of the settlement, expanding the customer base for local enterprises.

Ayija does not provide a case study of full employment. Many of the informal workers, particularly women, are underemployed and their earnings are meagre. However this case study does demonstrate the capacity of a newly established migrant settlement to generate much of its own employment from entrepreneurship. The local economy could grow further if the formal regulatory structure and financial services were more accessible to informal sector businesses.

2.5 SUSTAINABLE USE OF PNG'S FOREST RESOURCES

Based on project work with Traditional Land Owners funded by the UK Environment Fund



This case study involves a Land Owner group who occupy a forested area around a major river north-west of Port Moresby, some of it being steep mountainous territory. They had been approached by an international logging company which was urging them to sign away the logging rights to their virgin rainforest. They were very concerned about what the impact of logging would be, as they could see the devastation caused by clear felling on adjacent lands. However the villagers were under severe financial pressure, with payment of school fees for their children a particular priority. They wanted to look at alternatives to logging.

In exploring potential models for economic development, clan members were involved in workshop discussions which assessed the dynamics of the local economy. These discussions used the “leaky bucket” assessment outlined in Chapter 1.3, and the technique proved very successful. The results were something of a revelation to the local community, but through conversations it was agreed that this represented the situation reasonably well.

Workshop discussions were also held to set a vision for a business planning framework, and this used Photolanguage as a vision setting tool. Community members selected photographs that represented how they felt about the community at present, how they would like to see things in three years’ time, and how they would like things to be in 50 years’ time. The key objective was identified as follows: to manage our forests and wildlife as a social, cultural and economic resource for the community and to support tourism.

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One of the first tasks was to map out the cultural heritage resources of the catchment. The clans had moved up and down river over time in response to warfare and invasion, as well as colonial dictates. This meant there was a complex network of significant sites and story places, including the sites of previous tree-house villages, and burial grounds. The mapping process revealed some "no go" areas for development inhabited by malevolent spirits.

There was a rich diversity of food resources in the forested lands. Some wild species had been propagated to increase their productivity, including the highly valued okari nut. Seedlings were transplanted near to the village in ritual ceremonies ensuring good harvest. Other food species included ferns and various leaves used as vegetables, three varieties of pit pit (bush asparagus), two species of ginger (used for fruits, flowers and roots), edible bamboos (shoots), wild yams, figs, wild betel nut, wild bananas, wild breadfruit, various palms (hearts) and many other fruits. Vanilla vines had also been introduced into the forest and although the skills used to bring these plants to production had been forgotten, the vines were spreading.

Local timbers were used to construct village houses and as materials for crafts. Some plants were used for their perfumes in ceremonies, while others had medicinal purposes or household uses (for example soaps).

The forests were home to various animals and birds that were hunted for food, including magani (wallabies), deer, pigs, cuscus, cassowaries and various game birds. The river and smaller creeks were sources of eels, prawns, crayfish, crabs, barramundi, mullet, black bass and catfish, as well as introduced tilapia (a pest species).

The greatest commercial use of these resources at present is hunting wild pigs for sale. Pigs have considerably ceremonial value in Papua New Guinea, with families purchasing many pigs for feasts around weddings, funerals and other events. The flavor of wild pigs is highly valued by urban residents.

Clear felling the forests would place all of these resources at risk, with adverse impacts on present and future generations. Even selective logging on a commercial scale would require construction of roads into the rainforest which would cause significant damage.

Smaller scale use of forest resources within the cash economy might include:

- villagers purchasing a small portable sawmill so they could cut their own timber for housebuilding, furniture and crafts
- cutting rattan from the forest for direct sale to an existing nearby workshop, requiring adherence to particular specifications for large diameter clean canes, and possibly setting up a satellite village workshop in due course
- planting bamboo as part of riverbank restoration and harvesting this for sale.
- commercialisation of vanilla, involving hand pollination of flowers, harvesting and processing pods for sale.

Additional commercial possibilities for use of natural resources were sand and gravel extraction. Some extraction had been carried out in the past by local construction companies, but this had lowered river banks and disrupted natural river flows. The consequent erosion created flooding risks, and pools of shallow water had algal growth. A management plan was needed to clearly designate which areas could

be used for extraction, how the materials should be washed, and how vehicles and machinery should be cleaned before entry to prevent the incursion of weeds from seed caught on tyres. There was the potential to rehabilitate some of the previous extraction areas by creating aquaculture ponds for farming crabs, crayfish and water plants. Establishing a local block making business based on the local extractive resources was a further possibility, with blocks being sold to builders in Port Moresby.

Papua New Guinea has a strong agricultural tradition extending back some 10,000 years, and the villagers had gardens at various distances from their houses, some quite far away. Women do most of the gardening, combining this with child care and household work. Crops are taken into the fresh produce markets in Port Moresby for sale. Men are responsible for yam cultivation, which takes place in separate gardens and involves ritual practices.

Production from local gardens could be increased with better fencing (living fences of mulberry, leucana, acerola cherry or cassava) to keep out domestic as well as wild pigs. It would also be desirable to take appropriate measures to reduce insect and vermin attacks, which are particularly damaging for betel nut, daka (mustard), bananas, corn, cabbage and kaukua (sweet potato). Introducing ducks and chickens into gardens to control pests would be possible, and introducing more legume crops as crop rotations would help maintain soil fertility as well as breaking the life cycles of insect pests. Access to water for irrigation could improve dry season production.

There are possibilities for introducing higher value fruits as well as commercial crops into an integrated gardening system. This would need some technical support for appropriate harvesting, processing and marketing. Establishing a community nursery to raise new plant varieties would be desirable. Processing and marketing products such as jams and juices were suggested.

The beautiful scenery and fascinating cultural environment seemed to be ideal for ecotourism. Unfortunately Papua New Guinea faces many obstacles in developing its tourism industry, with security being of prime concern in the hinterland of Port Moresby. Family-based accommodation in the village could be very attractive for tourists, but guaranteeing the safety of people travelling to and from the clan lands may be more problematic.

If a safe environment does emerge in future, then a program of training for community members wanting to be involved in this business could be co-ordinated with a local school. Tourism infrastructure could include forest walking tracks for interpretation by tour guides, overnight camping areas, and tree hides for photography - appropriate sites for these were identified. Consideration would have to be given to providing food and water in a safe and healthy manner, first aid contingencies and safety provisions on site, waste management and telecommunications. Transport to and from the clan lands would need to be organized as a new venture, but within the clan lands there is available motorized canoe transport along the river.

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Potential employment within a tourism destination would include not only interpretive guides but also office workers trained in financial budgeting and control, drivers, security staff, cooks, cultural advisers, ecosystem managers, village accommodation hosts, bush house builders, sanitary staff and cleaners, and general labourers. Marketing support may need to be contracted.

One of the main problems in achieving this vision was that there was no governance system in place that could drive the use of the forest resources. The community established an incorporated land owner group, elected office bearers and adopted a constitution. However it became apparent that this needed to be complemented by building community capacity for managing the cash benefits of their enterprise in a way that maintained community trust.

Sadly this did not proceed smoothly, with much dispute about leadership and apportionment of economic benefits. Clan members living in Port Moresby and overseas have competed with the villagers for use of the forest resources, and some commercial logging has in fact taken place at their insistence. Some of the identified enterprises have been established on an individual rather than a community basis. Ecotourism is an opportunity well beyond reach with Papua New Guinea's deteriorating security.

This case study demonstrates the huge economic potential as well as the considerable challenges for traditional societies seeking participation with the cash economy, and the type of support that may be needed for a successful transition.

2.6 HOI AN, VIETNAM: A CASE STUDY OF COMMUNITY ENGAGEMENT IN THE CULTURAL ECONOMY

Based on published documentation and discussions with Professor Amareswar Galla



Hoi An is a Vietnamese city which has significant cultural heritage resources, recognized through its World Heritage designation. It is a relatively small city, with a population of around 80,000 within a district area of around 60km². The mobilisation of cultural resources for economic benefits has been impressive, driven by community engagement as well as public-private partnerships. This has involved the public sector (local government and conservation agencies), the business sector and the community sector working productively together.

While Hoi An's heritage extends over many centuries, the remaining urban form largely dates from the nineteenth century. The built form is reflected by the social structure, as buildings have been occupied by the same families over several generations, keeping their cultural practices intact. This is manifested in economic activities (such as crafts) and as well as lifestyle practices (cuisine, customs) and activities which provide both cultural and economic outcomes (such as festivals). The density and richness of living heritage within the Ancient City constitutes a grassroots community resource, and this has received regulatory protection from incompatible development.

Surrounding villages which traditionally functioned as a base for various crafts were at risk of losing their skills base, but have received support for reviving specialist expertise and otherwise contributing to the conservation effort. Buffer areas have protected the integrity of different enclaves. The archaeological remains found in the hinterland of Hoi

An have been mapped and interpreted to promote their preservation and enrich the visitor experience.

A plan for the conservation of Hoi An was prepared in 2002 by the Hoi An Centre for Monuments Management and Preservation, with active participation in implementation planning by a number of community organisations (the Home Owners Association, the Women's Union, the Youth Union) advocating for the community as a whole. The plan sought to combine objectives for conserving the built environment, promoting the wellbeing of residents, supporting appropriate tourism development, and spreading economic benefits. A notable feature of the plan was a commitment to invest some of the proceeds from tourism in conserving the built environment as well as improving urban infrastructure. Affirmative action programs were included, to encourage economic participation by women and young people who might otherwise be marginalised. Monitoring the social and environmental impacts of tourism was also a key component of the planning framework.

Many plans developed in other cities remain as theoretical blueprints but lack practical implementation. The plan for Hoi An has more teeth as it is supported by a budgetary framework which includes incentives for conservation and appropriate business establishment. Various stakeholders have clearly defined roles in implementation, with governance provisions including regulation by local government, and a training component for community members and heritage management staff. Monitoring tourism impacts has involved the whole community in extensive data collection and analysis.

Managing visitation growth is clearly challenging. In Hoi An the principles for ensuring sustainable tourism development have been identified as:

- promoting a shared understanding of heritage conservation and development of heritage resources
- promoting community ownership of heritage resources and their management
- diversifying visitor experiences through appropriate interpretation of heritage resources
- recognising conservation activities as integral to economic development.

Gentrification has destroyed the social fabric of many other cities undergoing comprehensive renovation, but this has largely been avoided in the Ancient City of Hoi An. Investment in conservation of the built environment has included providing interest-free loans to existing owner occupiers as well as public purchase of private property where owners were unable to undertake restoration work (with previous owners permitted to continue to occupy their homes as tenants). Many residents have been able to obtain licences for setting up businesses including craft workshops, art galleries and souvenir shops. Tax concessions have been included as incentives for participation in the cultural economy. Restoration of the old built heritage has been complemented by investment in contemporary services, with underground reticulation of water, sewerage, power and telecommunications, as well as constructions of footpaths and roads, and flood mitigation infrastructure. Managing the impact of visitor numbers includes restricting vehicular access to the ancient city.

Cultural interpretation and visitor orientation hubs have been established at a cultural centre, social history museum, and several other museums and exhibition centres integrated into the heritage streetscape. A calendar of local festivals has been revived to celebrate local heritage and enable residents to present their cultural heritage to visitors. All of these developments

aim to disperse visitors and avoid overcrowding in particular parts of the city. In addition, dispersing the tourists broadens the economic opportunities for residents, minimising the income gap between residents on the main tourism trail and other members of the community.

The peripheral craft villages have clearly benefited from the holistic approach to cultural development.

- Kim Bong was noted for its wood crafts, specifically applied to boat building. Restoration of buildings has given rise to new demands for carpentry, blending old and new techniques for working with timber, and tourism has stimulated demand for a wide range of souvenir artefacts.
- Tra Que is a village focusing on market gardens to produce food and herbs. Revived practices have preserved traditional horticultural knowledge, blended this with new knowledge derived from local biodiversity research, and introduced this knowledge to visitors as well as local children.
- Thanh Ha is a village traditionally specializing in ceramics. Craft skills were being lost as ceramic implements were replaced by others using metals and plastic. The recent conservation activity has stimulated a revival of ceramic crafts, as well as diversification into production of tiles and bricks.
- Vong Nhi is a fishing village with ancient origins, supplying local markets. Traditional practices have been augmented rather than replaced by aquaculture, and made more sustainable through enhanced marine management. New skills and jobs have been established, enabling tourists as well as local residents to appreciate fishing heritage.

While tourist numbers have grown quickly, the earnings from tourism have risen even faster, largely as a result of spending by international visitors. Employment has increased at an even faster rate than earnings, demonstrating that the benefits from tourism have spread through the community.

Visitation grew from around 700,000 in 2005 (50% international) to 2.5 million in 2015 (55% international), with projected visitation of over 4.5 million by 2020 (60% international). Tourism revenue has increased by over 10% per year, and is projected to exceed US\$2 billion by 2020 (90% from international visitors). These earnings supported the livelihoods of over 16,000 people in 2010, but this had more than doubled by 2015, and is projected to double again by 2020. Tourism is now by far the main component of Hoi An's economy.

There is much more that needs to be done to ensure the sustainability of the new cultural economy. Protecting the largely timber built environment from fire and termite attack is a high priority, and further flood mitigation works are also needed. Ensuring continued growth of tourism is vital to generate the required funds for these major works.

2.7 KITCHENER, CANADA: REVITALISING THE RUSTBELT

Based on the presentation by Rod Regier to Habitat III, and the publication "Make it Kitchener"



This case study illustrates how it is possible to support a community in making a profound economic transition. Kitchener is a medium sized Canadian city (around 225,000 people) that had a flourishing manufacturing industry until recession hit in the 1980s. It was well known for its car manufacture, as well as footwear and beverages. Since then it has rebadged itself as a hub for creative industries and Information Technology (IT) start ups, with the local authority driving the change.

A consultative process was essential to successfully bringing about change. More than 400 citizens and other stakeholders were involved in conversations which encouraged them to contribute creative ideas ("Ideas of the Brave"). The outcome was a strong focus on building a complete and inclusive community, providing opportunities for everyone to get involved, and facilitating development based on local talent and innovation. Some 29 neighbourhood associations have continued to have a participative role.

The principles it has used for making this transition are described as follows.

"Make it Spark"

We will support experimentation, encourage intersection of art and industry, and support creative clusters such as music, film, performing arts and design.

Make it Start

We will be agile in the provision of services for startups, continue to attract entrepreneurs (locally, nationally, globally), and become a magnet for investment.

Make it Grow

We will build Kitchener's identity as a global maker hub, work with existing businesses to support their needs, and help develop cluster supports that make these systems work.

Make it Urban

We will continue to develop a dynamic downtown and promote urbanisation across the city, lead the way in property development, and facilitate the creation of sought-after urban amenities.

Make it Vibrant

We will build Kitchener's identity as a festival city, encourage our creative community to use the city as a stage, and support strong communities and neighbourhood identities through distinct events and creative expression.

Make it Connect

We will champion the creation of infrastructure to develop an innovation corridor between Waterloo Region and Toronto, build the partnerships needed to support it, and develop the Innovation District as the heart of the system."

It was recognised at the outset that the transition required retraining of manufacturing workers to enable them to participate in the new economy, and development of appropriate skillsets within younger people. Local universities became key partners with the local authority in providing advanced educational programs and industry placement. The success of these strategies is measured by the fact that a very high proportion of displaced workers were redeployed to new industries.

The local authority led this transition through deliberate investments. Its Start Up Launching Pad provided grants for conversion of old downtown buildings, providing space for the new economy. It adopted its own cutting edge technologies as part of a broad Digital Kitchener program which includes specific digital innovations as part of its Internet of Things. Local universities have hosted business incubators and provided start up grants. Many of these are provided to local university graduates moving into self employment. A generational shift has become evident, with the children of previous manufacturing workers (many of whom were migrants moving into Kitchener to secure jobs in its factories) graduating from local universities to pursue a quite different career path.

More than 45 digital start up companies as well as some larger tech companies have set up their offices, with conversion of previous factories to host them, and catering establishments serving as virtual offices for some of the new entrepreneurs. Around two thirds of these have emerged from local start ups in the business incubators. A previous leather tannery has been converted into a major business incubator and centre for innovation, regularly accommodating 70-80 fledgling software entrepreneurs. An additional business incubator has operated in parallel, and the two are being brought together into a single expanded complex. This critical mass of creativity is seen as essential to the economic transition (start ups attracting more start ups). .

City revitalisation has included establishing a vibrant festival and creative arts program that caters specifically for the newer and younger city population. Street markets (day and night) are part of this program, attracting artisans, musicians, culinary entrepreneurs and start-up retailers. This included re-establishing a previous historic farmers market. Several new museums and galleries were set up in the downtown area. A creative hub for artists was established, offering services such as rehearsal space, promotional services, skills development and event programming.

Incentives for people to make more use of the downtown area have included “ambassadors” who walk around the downtown streets and answer questions, also directing people to businesses of interest. Free parking has been offered at various times. The Business Improvement Association ran a Chits for Charles (gift certificates) campaign to get people back onto Charles Street in the CBD following a period of disruption as new infrastructure was built. Dollars for Duke was a similar campaign to bring people back to Duke Street.

Economic diversification is seen as desirable, rather than sole reliance on the IT sector. There are programs for encouraging manufacturing innovation, and a food enterprise incubator has been planned.

New housing is being built around the city centre so that the precinct is becoming a place for 24 hour living, work and play, at a scale that suits pedestrian movement. CBD revitalisation has been assisted by waiving or reducing some development charges, and offering grants to restore buildings with heritage value. Old factories have been converted for residential use and new retail space. Some lands owned by the local authority were developed for an intensive range of mixed uses. Building owners were persuaded to allow use of vacant spaces for entrepreneurial activities. This was combined with considerable investment in civic improvements (parks, street planting, funding for public art, cycle paths etc) as well as opportunities for grassroots creativity (“guerrilla gardening”, “little libraries”, citizen-led place making within neighbourhoods).

A next step is identified as helping hardware companies set up in the disused industrial buildings on the city’s fringe. A high priority is improving transport services to connect Kitchener’s various districts and also to integrate it within the broader region.

As urban growth continues at a fast pace, there are local concerns that (a) the bubble might burst, especially if the city fails to recruit established tech skills to complement those of its young innovators, and/or (b) that gentrification could result from the increasing amenity of the downtown area, forcing prices up and the new young population out.

The innovations promoted in Kitchener have spread to other centres, and has led to a Toronto-Waterloo Innovation Corridor as “*Canada’s nascent technology supercluster*” with status as a global hub. Silicon Valley appears to be the model. Let’s hope this doesn’t diminish the strength of the initial development vision, grounded in the local community and its aspirations.

2.8 AUSTRALIA'S DAIRY INDUSTRY: SUPPLY CHAIN RISKS AND POSSIBLE SOLUTIONS



Globalisation and the increased economic dominance of large corporations does not just threaten the livelihoods of urban residents: it is having adverse impacts on rural farming communities and the regional towns that service them. Dairy farmers are finding themselves particularly vulnerable in this situation. Dairy farmers in Australia face particular problems because of a deregulated environment within which dairy manufacturing risks are largely passed down the value chain to be borne by the farmers.

In Australia, farmers are not permitted to sell raw milk directly to the consumer. Because milk is a highly perishable product, farmers are in a situation where they cannot withdraw supply if they are dissatisfied with the price they are offered by processors. The limited number of processors who contract to buy milk in any particular region means that there is something of a captive market.

Numerous inquiries commissioned by the national government have demonstrated that farmers have very little negotiating power in relation to the sale of their milk, and therefore have become "price takers". The price they are offered for the milk they produce has been below the average price of production for several years, with the result that many farmers are quitting and Australia's milk production is decreasing. In a competitive market this would be driving prices up. However there are so many restrictive practices in place that processors are able to put a downward pressure on the price, and pass on to the farmers any of their own increasing cost pressures (an example being power prices, where farmers not only have to bear the costs of their own increasing power bills, but processors flagged they would have to reduce the farmgate milk price because of their own rising

power costs). The competition for market share amongst the processors seems to dominate corporate behaviour, aiming to drive competing processors out of business. The fact that this is damaging the industry as a whole does not seem to be a factor in corporate decision making, which appears to place priority on delivering dividends to shareholder in the short term over the long term sustainability of the dairy industry.

Dairy processors are subject to downward pressures of their own imposed by major supermarkets. In Australia food retailing is dominated by two supermarket chains, which mirror one another in their pricing policies. Dairy products are treated as a "loss leader", ie they are heavily discounted in order to attract customers into the stores. These products are typically placed at the rear of the supermarket, so that customers purchasing them have to pass by other goods, increasing the chances that they will shop for other goods as well.

Because these supermarkets are so large, they are able to offer large multi-year contracts for supplying discounted milk under their own labels. Competition for these contracts is not just on the basis of financial rewards, but also the supermarkets bargain with processors for shelf space, providing access to the processors' own name branded products. The supply contracts have often delivered very small profit margins to the processors, because of these other bargaining points.

The hard bargaining gets worse when these contracts come up for renewal. The processors have often had to expand their processing plant to cope with the volume of supply, and are then faced with the prospect of underused plant if they fail to get the contract renewed. On this basis one such contract was recently renegotiated with 10% reportedly shaved off the previous terms of trade, meaning that the processor made even less profit in the desperation to maintain market share.

In the past the price that farmers received was largely determined by the global price for dairy commodities, as Australia was a major dairy exporter. As domestic demand for dairy products has steadily grown and milk production has fallen, the situation has been reversed, with domestic retail prices now the dominant factor. These are suppressed not only by discounted supermarket homebrand products, but also by the fact that name branded products are priced lower to compete with these discounted brands. The result is a steady decrease in the value of dairy products on the supermarket shelves over time, in real terms.

The undervaluing of their product is well illustrated by the fact that bottled water is sold for significantly higher prices than milk in supermarkets, which is seen as an insult to dairy farmers who have pride in the high nutritional value of their product.

A very complex and confusing format of milk supply contracts makes it difficult for farmers to know what they will actually be paid. The poor prices that farmers are offered for their milk is not their only problem. The opening price at the beginning of the year is indicative but can be varied by the processor over time, depending on the composition of the milk received from a particular farm, the seasonal variation in supply volumes, the minimum volume agreed to, and a range of other factors. Research has shown that the "average price" published by individual processors as a basis for signing up farmers to supply them is well above what most farmers are actually paid. Sometimes the difference is striking and hard to explain, with farmers receiving 75% or less of what they expect from their contracts. When their margins are tight if not negligible, this makes a huge difference to farm viability.

Penalties are applied for a range of different reasons. Some contracts penalise farmers who are not able to supply milk for any reason, even when such natural disasters as flooding prevent the tankers from collecting milk from the farm. This is a prime example of the risks being passed on to the farmer, as the milk was ready for collection, and the actual collection and transport is the processor's responsibility. Another provision penalises farmers if there is too much of a variation in their seasonal production. Given that this is often the result of unpredictable weather conditions, the situation can arise where a farmer is paid virtually nothing if there is a good spring rush of milk, because the benefits are offset by penalties.

Milk supply contracts often contain conditions which are called "loyalty provisions". These are actually another sort of penalty, as payments for milk already supplied can be withheld if a farmer switches to supplying a different processor. Given that processors can vary what they pay farmers during the season, the withholding of loyalty payments can be enough to dissuade farmers from switching even if the processor they supply drops the price.

The economic impact of this distorted market is not only having an adverse impact on farmers. In the main dairy farming regions, many businesses gain most of their custom from dairy farmers, and if the farmers are unable to place orders or pay their bills, they can't maintain profitability. There is then a spin off effect for other local businesses including retail outlets. There are already some virtual ghost towns arising from this situation.

Things have been getting progressively worse to the point where it looks as if government intervention may occur, at least to introduce more transparency and fairness into the contracting system. However the Australian federal and state governments seem reluctant to introduce any measures that could be seen as protectionist, in case this results in retribution by Australia's trading partners.

So what could have happened to prevent this type of exploitive situation arising, not just within the dairy farming community but within any farming sector? How can farmers be provided with enough of a voice and negotiating power to be able to stand up for their rights, and demand a fair price for their products. This is a dilemma that farmers are facing the world over.

Actually, Australian dairy farmers were in much better shape when they were organised into co-operatives for the purpose of supplying processors. The co-ops have gradually disappeared or morphed into other corporate structures. It is hard to see how to rewind the clock, but if there was a way this would have much support.

Unionisation of dairy farmers (or all farmers) is another option. Australian dairy farmers seem not to support this idea, as they regard themselves as self-employed business people rather than workers. However there are precedents for farmers' unions in other parts of the world, and these do seem to have some success in collective bargaining on behalf of farmers.

A mandatory code of conduct is now being proposed for the Australian dairy industry, particularly regulating the way that processors deal with their farmer suppliers. This has some potential benefits, especially if combined with better transparency about milk pricing.

Enlisting consumer power is another strategy which has had some success in Australia and overseas. In 2016 the farmers mounted a campaign to encourage consumers to stop buying discounted milk and instead to buy the more expensive name brands. This resulted in a significant shift in purchasing behavior, which is estimated to have added more than \$100 million to the supply chain. However the profits were pocketed by the supermarkets and processors, with nothing being passed on to farmers. Much has been learnt from this, and it is likely that there will be a second campaign with new strategies to ensure that farmers get the benefits. It is noted that UK retailers have introduced voluntary top up payments for milk that is specifically directed towards farmers, as well as some labelling that guarantees minimum farmer returns.

Globalisation can increase food affordability, but this is often at the expense of “food miles” and it encourages a race to the bottom in terms of farmer sustainability. What we need is a model that supports consumers’ preference for locally produced fresh produce, ensuring a prosperous farming sector. This can provide national food security in the event of disrupted global trade, provide local networking that ensures consumers are aware of where their food comes from and how it is produced, and give farmers the security they need to adopt sustainable farming practices.

2.9 ECONOMIC OPPORTUNITIES FOR AUSTRALIA'S FIRST NATIONS: BUILDING A SUSTAINABLE ECONOMY BASED ON THE INCOME FROM MINING



Northern Australia drives much of the national economy through its resource exports. Many of the current mines commenced operation before Australia's Native Title legislation was enacted, so there is no mechanism for Aboriginal people claiming royalties or other economic benefits from these operations. However the government and some of the mining companies involved in these mines are keen to establish good relations with the people of the First Nations, and to negotiate some mutually beneficial outcomes. Agreements are negotiated with Traditional Owners who have claims over their land based on continuous cultural traditions.

Some Aboriginal communities are party to a multitude of different Land Use Agreements with mining companies (over 80 such Agreements for one particular Traditional Owner group). In addition there are exploration licences and new mining permits being granted which offer a potential for assertion of Native Title rights, through negotiated Land Use Agreements. There is significant opportunity to raise capital from these agreements, but this is proving difficult. The following is a list of what seems wrong with the current system of negotiating and administering agreements.

1. The agreements are generally negotiated by the solicitors acting for Traditional Owner groups, with little involvement of Traditional Owners in the content – it's generally a

case of “sign here”.

2. The solicitors are not experts in the benefits that can be obtained from negotiated agreements – their expertise is in how to put the words together.
3. The agreements are not drafted in Plain English, so some are extremely difficult for anyone to understand.
4. Despite the legalese, some of the wording of the agreements is extremely loose, making for interesting legal battles if the content is challenged.
5. In many cases the solicitors who act for Traditional Owners receive part of their remuneration from the mining companies, resulting in a clear case of conflict of interest.
6. Each Land Use/Mining Agreement is different in structure and content, making it hard to administer them.
7. The agreements are generally held by the solicitors, and it can be difficult for the Traditional Owners to get their hands on the documentation, thus making it impossible for them to know when reviews are due, when payments should be invoiced, and what their own obligations are under the agreements.
8. One of the reasons for solicitors hanging onto agreements is that many of them include confidentiality provisions, which restrict access to the solicitor and the parties to the agreement. This removes other potential sources of professional advice.
9. Many agreements have unclear (if any) provisions for arbitration, so that disputes have to be resolved in Court. The mining companies' access to greater resources than Traditional Owners is likely to make for an unfair battle, and so the Traditional Owners are likely to be discouraged by their own solicitors from making any challenge. Scrutiny of a few agreement documents has indicated many areas where the mining companies are failing to keep to their side of the bargain which the Traditional Owners may not have the resources to challenge, while any failing by Traditional Owners can lead to withholding of payments by the mining company.
10. Many agreements have unclear (if any) provisions for review. Even where there are review provisions, Traditional Owners do not have care of the agreements, so such reviews may not be carried out as specified. Without review there is no accountability for fulfilling the provisions of the Agreements.
11. There is poor linkage between the Land Use Agreements with Traditional Owners and the Mining Leases granted by the State Government. The main link is that the Agreement needs to be in place before the Lease is granted. There is a missed opportunity to build rehabilitation provisions into the Mining Agreements that draw on the provisions of Mining Leases.

The task ahead for individual Traditional Owner groups is to pull all the relevant agreements together into a workable framework for administering the provisions, ensuring compliance, and working towards review against a consistent framework. As each agreement document is likely to run to 20-30 pages of legalese, this may involve condensing thousands of pages of complex documentation into something that is manageable on a day to day basis. Given the proliferation of Land Use Agreements throughout Australia, and the apparent desire by the Australian and State Governments to use these agreements to provide an economic base for

Aboriginal people, it is surprising that such capacity building support does not appear to have been sponsored by either the private or public sectors.

The complex array of agreements creates considerable difficulties for the many of the Traditional Owner groups in pursuing the economic opportunities arising from the mining economy. There are so many options presented to them that it is difficult to know where to start. The directors have limited time and capacity and need to focus on the main game, which is looking after the nest egg created by short term compensation funds that can form the basis of economic benefits for future generations.

It is apparent that the nest egg will be significant if it can be managed skillfully. There has been some discussion about joint ventures with banks in establishing a financial arm. This could be some form of investment trust that ensures that capital will yield good returns, then distributing economic benefits to families by way of grants and loans. Some of the regional agreements that involve a number of different Traditional Owners have established Trust funds to achieve these outcomes, with a secretariat managing the Trust. Some of the Agreements provide options for obtaining shares in mining companies, which could add to the nest egg. It should be recognised that Traditional Owners are not likely to behave in the same way as conventional holders of managed shares. They are likely to take a keen interest in the performance of different mining companies in offering opportunities for Aboriginal people to participate in mining ventures, and in minimising damage to traditional country. It is possible to envisage a situation where the Traditional Owners will seek a voice at shareholder meetings, and perhaps negotiate for a position on the board of some mining companies.

Encouraging Aboriginal employment in the mining industry is a key objective of many mining agreements, and some patchy achievements are evident here. As Traditional Owners of the land occupied by mining companies, Aboriginal people often feel they should be offered jobs on a preferential basis, and are disappointed when this does not happen. Lack of basic literacy and numeracy as well as lack of work experience and poor health present considerable obstacles, though racial discrimination cannot be discounted. However there are other economic opportunities that can be promoted in Mining Agreements in:

- conducting surveys of land prior to mining activity, including exploration, so that cultural material is protected or salvaged where possible (as a requirement of mining permits)
- providing cultural awareness training for mining employees
- labour hire for work such as cleaning and catering, as well as periodic shut down, which can build up workplace experience and provide an entry point for more skilled jobs
- securing scholarships and cadetships for young people can provide employment pathways from school into skilled jobs, and apprenticeships can encourage development of trade skills
- progressive rehabilitation of land affected by mining, as required by State Government Mining Leases.

The rehabilitation of traditional lands is a very great priority for the First Nations people.

They are keen to monitor the environmental performance of mining companies, to be party to the setting of standards for rehabilitation ("end point criteria"), and to take part in rehabilitation work. Mining companies can seek contractual arrangements with Aboriginal people for progressive rehabilitation of their lands, and assist in building a business capacity for rehabilitation works. Each Mining Lease includes establishing a bond for rehabilitation works, and there can be a timetable for progressive rehabilitation. Traditional Owners are very concerned that the State Government often fails to set aside sufficient funds for full site remediation. Improving this situation could increase work opportunities as well as environmental outcomes.

Traditional Owners are well placed to assert their role in the mining industry and to promote best practice in doing business. However there is a clear need to improve on past modes of operation, and to look constructively at cross-sector partnerships that will provide long term economic benefits for all concerned.

2.10 THE VICTORIA GOLDFIELDS REGION OF AUSTRALIA: A CASE STUDY FOR RETHINKING REGIONAL DEVELOPMENT

This case study was the subject of a 2015 regional workshop convened in Bendigo as joint initiative of EAROPH Australia and the Bendigo City Council



This region of Victoria encompasses the significant regional centre of Bendigo (population around 800,000) as well as a number of smaller regional centres and rural villages. These include Castlemaine (population around 7,000) and Harcourt (around 500) in the immediate vicinity.

Harcourt, Castlemaine and Bendigo are sometimes considered as different tiers of a hierarchy within the Greater Bendigo regional economy, using a conventional economic model. However on closer examination it is clear that the reality is not actually a hierarchy, but rather a network of centres with different strengths, crossing over different local government boundaries. Bendigo's great strength is its cultural economy, based on its impressive built heritage as well as strong artistic activity. But even in terms of cultural resources Castlemaine had its own focus, including accommodating the majority of the region's artists. A hub and spokes model for regional infrastructure is appropriate, but not a hierarchy.

The geographical catchment for day visits to these culturally rich centres is much larger than would apply in the Melbourne metropolis, because lack of traffic congestion encourages tourists to travel further afield. Relatively distant towns such as Daylesford and Clunes could be regarded as being within the economic catchment area, as tourists

can visit a number of these destinations as part of a weekend visit. Small towns have their own distinctive character which offers a range of different attractions, and each town has its own themes. This is reflected in all parts of the economy, not just tourism, as illustrated by how the region's transport infrastructure is being used. Transport used to be focussed on commuter movement into Melbourne, but the rail network is now being well used for reverse movement, such as travel into Castlemaine and Bendigo from other regional towns.

Bendigo has made significant progress in developing a strong cultural economy. The wealth created by the 19th century gold rush is well evident in its magnificent public and private buildings. The Council has converted the old prison building into a magnificent theatre complex, its art gallery occupies another successful building conversion, the old streetscapes are being revitalised and public spaces enhanced. Recent development includes establishing arts-based events that could attract a large number of visitors. However there is more that could be done to celebrate and interpret its cultural resources, and link these to the attractions of surrounding towns. There is a particular opportunity to more keenly identify and celebrate its multicultural heritage resources. A start had been made in developing a base for Chinese heritage tourism (including a Chinese Museum as well as a giant Buddhist stupa being constructed nearby), and this could be expanded to attract a much larger market. German and Korean heritage could receive much greater recognition. It will also be important to better celebrate Indigenous culture and links to country.

Castlemaine is well known for its own enormous cultural resources based on its built heritage and artistic community. However there are other important enterprises which are not so immediately apparent. The Castlemaine Hotrods present an important local case study of community driven enterprise based on traditional local crafts and trade skills derived from the railway industries of past years. A group of customised car enthusiasts has drawn on the skill base in developing workshops, component manufacturing and exhibition facilities, establishing a national hub of activity for hotrod enthusiasts. This now involves more than 30 local businesses and over 100 employees, some of whom have relocated to Castlemaine to join this industry cluster. In the course of establishing the cluster, some entrepreneurs have established new international markets for their components (including specialist rail turntables and electric car conversions as examples), and have innovated to produce new components for a range of industries nationally and worldwide. This provides a good example of a global hub operating from a regional base. This hot rod hub is also important in maintaining the knowledge capital of the local area, and deliberately mentoring the younger generation in applying and developing traditional as well as new skills. The Hotrods provide support for other local enterprise, for example participating in the arts festival board and networking with farmers. Future aims are to establish a unique rural base for vehicle testing and training, as well as developing a retirement community for ageing hotrod enthusiasts.

The community of Harcourt has its own distinct cultural and economic identity, reflected in its local newspaper "The Core" which has assisted in community engagement around these opportunities. Originally focussed on apple growing, Harcourt's good soils and secure access to water provide resources for producing other fruits and nuts, and diversification is well underway. Local growers are pooling their efforts to develop shared value-adding infrastructure in underutilised cold stores. Local cider makers as well as viticulturists are combining to add value to their own infrastructure including the establishment of liquor warehousing. New opportunities are arising from the development of a mountain bike trail

at the foot of Mount Alexander, which could become a national/international drawcard. The community is now lobbying for re-opening the local railway station, increasing transport infrastructure for people and freight. After years of neglect, the existing State Government's Regional Growth Plan has identified Harcourt area as a potential growth centre.

Other centres in the region have quite different assets that could be the base for enterprise development:

- Newstead could be the first town in Australia to go off grid
- the Daylesford power station provides opportunities for creative re-use
- there are world class highly specialised enterprises in advanced manufacturing, including horse dental technology as one example.

Economic development of regional centres in Australia is often made difficult by the dynamics of the major metropolitan centres, which act as a magnet for capital and skills. The social attraction of big cities also draws younger people away from regional centres, compounded when the city offers better resources for education and work experience. It is notable that Bendigo is maintaining its own identity as a social, cultural and economic centre, counteracting the forces of attraction into Melbourne. Bendigo has its own established vocational and higher education institutions, and has enough economic vitality to be attracting young families to move there from the city. The Bendigo region has the potential to provide a model for population decentralisation, which is an oft touted but poorly implemented objective of State and national governments.

There is some uncertainty about the role of local government in building the regional economy, as business broker and facilitator. In this region it requires working across local government boundaries, developing partnerships with the private sector, and working outside the usual local government comfort zone. The existence of several local government bodies across the region has retained the strong local identity of different towns, and actually encouraged economic diversity and decentralisation. This is often lost in regions which are subject to local government amalgamation into broader regional government entities.

An important feature of a Regional Growth Plan for this region should be that it is bottom up, building on initiatives taken by local businesses and adding value through good planning, rather than attempting to shape the economy top-down. It also needs to be non-hierarchical, based instead on networking between centres, with Bendigo as a service and infrastructure hub rather than an economic driver. This suggests a unique model for building a strong regional economy.

PART THREE

DRIVING CHANGE

3.1 LEADERSHIP AND GOVERNANCE

Strong leadership is a critical success factor in driving economic initiatives. This can come from the government sector, the private business sector, or from within the community. Sometimes external advocates can provide leadership, though this may be fragile because it cannot be relied upon for the long term.

Clarksdale (Case Study 2.3), appears to have been particularly successful as a result of its strong leadership and its capacity to engage the whole community. Two prominent individuals who provide the inspiration, drive and leadership in the Clarksdale community are the City's Mayor and a local contractor, both of whom had a long history of contributing to community service and local enterprise. They identify projects and work towards their satisfactory conclusion. They have the leadership clout to take the community with them, encouraging broad participation.

Many observers have identified strong leadership from mayors in local government as a key factor in successful development of urban settlements. Having strong leaders in local government can be vitally important in driving economic growth.

However leaders may not always be the loudest and most visible individuals in the community. There have been many mistakes made by well-intentioned professionals who have failed to recognise who has legitimate authority to speak for others, or to make decisions. A good example of this was the experience of British colonialists in the northern part of what is now Ghana, who encountered a culture in which there were no apparent leaders. This being the case, they indirectly created a chieftainship system, by demanding that communities elect leaders they could deal with. What they had failed to understand was that the traditional leadership lay with the *tendana* or earth priests, whose authority was exercised in more subtle ways than the leaders of other cultures they had encountered. The legacy of this confusion is that since colonisation there has been an uneasy relationship between the traditional *tendana* and the post-colonial chiefs, undermining local governance and weakening both strands of leadership.

Sometimes leadership is segregated within separate groupings of people, along gender lines for example. In traditional Australian Aboriginal communities this creates considerable confusion if it is not well understood. When asked about community needs and priorities, men are not able to speak for women in the community, so that only the male perspective is conveyed. When women leaders are engaged, they articulate a different set of priorities. This does not represent a 'battle of the sexes' but rather a separation of spheres of authority (FOCUS, 1998).

It is important to acknowledge leadership wherever it may be found. Leaders are not found in a society's elite and they can be recognised amongst marginalised and underground communities. So, for example, there are leaders of youth groups, women's leaders, leaders of homeless people and leaders of criminal gangs. In various circumstances, it may be appropriate to engage with all of these types of leaders.

While leadership is a skill that some individuals appear to be born with, there are ways in which leadership skills can be enhanced. Thus it is not just a question of "find the leader", and there are possibilities for helping the emergence of new leaders.

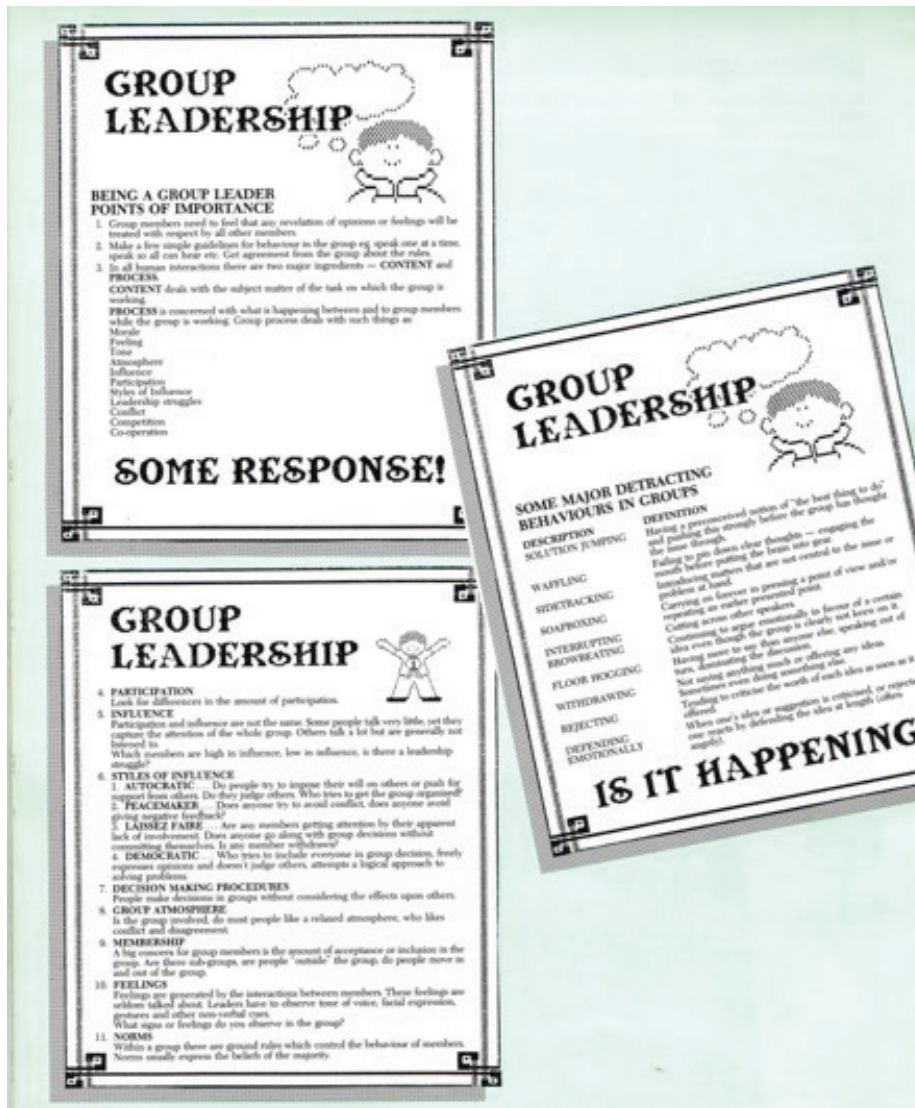
3.1 LEADERSHIP AND GOVERNANCE

The core competencies involved in leadership are spelt out in the publication *Managing Two Worlds* (ATSIC, undated) as follows:

Leadership attribute	Demonstrated practice
1. Be informed about the community	1.1 Information is gathered and documented on social, cultural and economic needs of all sections of the community. 1.2 Information is assessed objectively. 1.3 Protocols are followed with respect to information sharing. 1.4 Confidentiality is respected.
2. Lead by example	2.1 Knowledge and skills are used to communicate effectively. 2.2 Community values are demonstrated. 2.3 Changes that may affect the organisation and the community are recognised and their implications discussed. 2.4 Change is implemented in a culturally sensitive way. 2.5 Responsibilities towards others are recognised.
3. Encourage others	3.1 The involvement of other members of the community is encouraged. 3.2 Those with abilities relevant to particular issues are encouraged to actively participate. 3.3 Work is undertaken as a community and team.
4. See the big picture	4.1 Opinions are formed after researching the background to community issues. 4.2 Regional, State/Territory and national affairs are considered. 4.3 Elders, government departments and others are consulted. 4.4 Other points of view are considered.
5. Provide directions	5.1 Options are identified and documented. 5.2 Options are presented for community discussion. 5.3 Agreed directions are presented to forums in the wider community.
6. Make decisions and follow them	6.1 Clear, rational decisions are made which reflect community values. 6.2 Decisions are made where there are differing views in the community. 6.3 Elders and others are informed as to how and why decisions are made. 6.4 Decisions are documented and adhered to.
7. Negotiate with others to promote community interests	7.1 Community interests in dealing with government, business and other organisations are given priority. 7.2 Other points of view are listened to and recorded. 7.3 Outcomes which represent the best possible solutions for the community at the time are negotiated and documented .
8. See both sides of community issues	8.1 All points of view are included. 8.2 Decisions are made which reflect the well-being of the whole community in the long term.

3.1 LEADERSHIP AND GOVERNANCE

These attributes suggest a complex array of skills that may be daunting for potential leaders. But there is no doubt that the essential criterion of leadership is a capacity to motivate the rest of the community to follow. Some simpler tips for leaders were provided to leaders in the Crookwell Achievement Program in Canberra, Australia as follows.



As well as strong leadership, good local governance is also essential if economic enterprise is to thrive. Poor local governance is the downfall of many otherwise good initiatives, and this can occur at the levels of the family, clan, neighbourhood or community (see Case Study 2.5). Building an economy requires confidence in decision making and trust that money will be handled responsibly.

Hoi An is a town in Vietnam which has benefited considerably from government support at all levels (see Case Study 2.6). It has developed a local economy based on its impressive heritage resources. Key factors have been strong incentives (grants and loans) for private owners to restore their buildings, incentives (preferential licenses) for local residents to establish private galleries and museums, removal of heavy traffic from the heritage precinct, and engagement with surrounding villages to address environmental

degradation so they can develop complementary destinations based on marine resources, crafts and food preparation. This strong support framework has encouraged broad community participation, with local residents setting up their own enterprises to capture tourist spending. Local budgeting is integrated with implementation of the Action Plan for Hoi An, with civil society participants including the Home Owners Association, the Women's Unions and the Youth Union. This extends to monitoring and evaluating the Plan's implementation.

Good governance requires that there is agreement between community stakeholders on what will be done, and that this agreement is respected. Sometimes it is useful to formalise such agreements in documentation, and then report on implementation over time. Accounting for money in terms of who pays and who benefits may also be essential if the community is to hold together over a period of economic change, and there are many examples of community initiatives which have fallen apart because of mistrust about money management.

A formal agreement can mean that the community becomes empowered to make decisions over its own future, so long as the representation is effective. This means ensuring that representative arrangements are:

- inclusive of all the groups that need to be party to the agreement, including people with different views
- well accepted by the people being represented, with authority to speak and negotiate on their behalf.

3.2 COMMUNITY PARTICIPATION

Community participation in local economic development is essential so that local resources can be mobilised effectively, and so that the process of economic development has broad support. Sometimes there are obstacles to overcome first. This may include poor health, as demonstrated by the mountainside Indonesian community of Munti Gunung in northern Bali, for example, where providing medical treatment for a severely unhealthy community was essential before economic participation could be achieved (Phil Wilson, pers. com.). The caste system in India presents significant socio-cultural challenges for participation of the most disadvantaged social groups, and this is proving a challenge for development of that country's heritage resources.

The aim of community engagement is to encourage real participation by the whole community in local economic development. It takes time and energy to make this work well, but this investment is essential. There is an African proverb that puts this well:

"If you want to go faster, go alone. If you want to go further, go together."

Community engagement should not be confused with community consultation. Consultation takes place when a particular course of action has already been determined, or at least where the options have been defined. Community engagement can go much deeper than that, and encourage local people to define the agenda and the questions that need to be asked.

It is common for communities to lack confidence that their own investment in engaging with a particular program of activities will be worthwhile, based on their past experience. Some people may have found their previous involvement led to no outcomes (or none that they were told about), and sometimes the processes used have been disrespectful, antagonistic or just plain boring. This can create difficulties in relation to new initiatives, and there needs to be a period of confidence building that this time it will be different.

There is no excuse for community engagement processes being boring. There are many established techniques for creating interest and excitement, so that people of all ages, abilities and cultural backgrounds want to get involved.

Bruit du Frigo is a French activist group that involves a collaboration between architects, planners, sociologists and artists, and it has a considerable track record in mobilizing communities to get involved in local civic improvements. One of the tools they use is to display provocative posters in places which will attract a response. This was demonstrated as an adjunct activity to the World Urban Forum held in Vancouver in 2006, engaging with a disadvantaged community in East Vancouver. A poster was displayed that proclaimed:

"People should adapt to the city, not the city to people – Agree/Disagree?"

Some responses posted adjacent to or on top of the poster used proforma post-sheets and others were by way of graffiti, with some assertive statements about how people valued their local community. Then one morning it was found that a large soft drink advertising poster had been stuck over the top. This prompted outrage, with graffiti reclaiming the space by stating:

"Get out of this space, it's our space and we are having a conversation".

3.2 COMMUNITY PARTICIPATION

Finding alternatives to a structured workshop conversation can be important, particularly working with groups of people who are unwilling to share their ideas in a conventional way. One project I was involved in required engaging young people in the remote Aboriginal community of Yalata in South Australia. The cross-cultural team developed a range of tools including a graffiti wall, a school project involving students in keeping a week long diary, and model making.



Model making can also be a useful tool for engaging adults, and it should not be dismissed as being child's play. I worked with a group of senior engineers looking at road traffic problems around an urban development project, and a previously intractable problem was solved by the group moving around cardboard roads and toy cars, with implementation of the solution taking place within days. I have also used it for designing completely new urban spaces.

Bruit du Frigo uses an element of surprise for their engagement strategies, such as installing street furniture in a way that requires observers to change the way they see things.

Strategic questioning is a technique for doing this in words – asking questions in a way that requires the participant to think in a different way, or from a different perspective. Yes/no answers are discouraged as they don't reveal much, and these responses may in any case be misinterpreted. Peavey (1994) advocates this as she finds that strategic questions can dig deep into feelings about change.



"Questions can be like a lever you use to pry open the stuck lid on a paint can. And there are long lever questions and short lever questions. If I have just a short lever, we can only just crack open that lid on the can. But if we have a longer lever, or a more dynamic question, we can open that can up much wider and really stir things up....Some people approach problems with their heads just like a closed paint can. If the right question is applied, and it digs deep enough, then we can stir up all the creative solutions to that problem. We can chip away a lot of the crusty sediment that is trapping the lid on that person's head. A question can be a stirrer. It can lead to synthesis, motion and energy."

Cope and Kalantzis (1997) outline the following different approaches to encouraging engagement in a corporate setting, and this has its parallels for working within local communities.

"1. The 'Social Engineering' Approach

Historically, workplace differences have been accompanied by inequality and discrimination. The 'Social Engineering' approach attempts to right historic wrongs by creating rules or attempting to enforce the size of different groups. Typical measures include: Equal Employment Opportunity (EEO), affirmative action, targets, quotas, and various forms of legislation and regulation relating to discrimination and harassment. The value of this kind of approach is to force change against the weight of otherwise insurmountable structural obstacles, and to state clearly which practices are simply unacceptable and thus non-negotiable. The disadvantages, however, are enormous: there is a sense that some groups are getting undeserved favours and this is coupled with a sense of illegitimacy for those who have ostensibly been favoured by corporate charity; there is an implied accusation of management and organisational failure which, true or untrue, is not always the best way to start the discussion; and usually, little convincing evidence is provided as to how incorporating differences is in the best interests of the whole organisation and every individual member equally.

2. The 'Understanding the Differences' Approach

This is the cultural knowledge approach – finding out about other people's customs and ways of doing business. Whilst knowing something is always better than knowing nothing, this approach often slips into gross stereotypes, as if all Japanese or all women do business in the same, predictable way and as if knowledge can predict the unpredictable or foresee the complexity and variability of cultural differences. In fact, limited

stereotypical and patronising expectations can do more damage than an open expectation of unpredictability. Also, there is an overwhelming sense in this approach that the focus of the problem is other people's differences, rather than one's own corporate culture and cross-cultural competence.

3. The 'Let's Examine our Feelings and Attitudes' Approach

This approach considers differences to be a matter of 'getting on'. Its focus is on feelings, emotions and attitudes. At its most facile, it involves training sessions of the 'touchy-feely' variety – getting in touch with one's own inner sensitivities and coming to grips with one's own prejudice, insensitivity and racism. Certainly, attitudes are important, but this approach implicitly blames individuals – their attitudes and their communication skills. Accusation in any form, even the most indirect, is not way to initiate a change process.

4. The 'Let's All Pull Together Around Shared Values' Approach

This is the cultural cloning approach. "We will welcome people into the corporate fold providing they take on our shared values and cultural style, providing they become like us. We deal with differences by not making them an issue; you just leave them at the corporate front door." The major problems with this approach include: cloning or assimilation is never that simple – rarely can people completely hide their differences; the organisation wantonly neglects potentially invaluable competencies, experiences and networks; and 'glass ceilings' emerge that exclude genuine talent when people don't fit the existing corporate style and 'old boy' networks.

5. The 'Productive Diversity' Approach

The 'Productive diversity' approach replaces and transforms the other four. Certainly, there is still a subsidiary place for the other approaches to differences – some cultural knowledge, a certain kind of cosmopolitan sensibility in the area of feelings and attitudes, and a social engineering 'safety net' when all else fails. But, unlike these other approaches, Productive Diversity puts differences at the heart of corporate culture and management. It also demonstrates that negotiating differences is something that is manifestly in everybody's interest. In contrast to the 'Let's All Pull Together Around Shared Values' approach, corporate culture is pluralistic and fluid. Corporate culture is stripped back to core common purposes, such as a task or product focus. But beyond that, success is achieved by many means: by encouraging new angles on old themes, and the flourishing of many individual styles and many subcultures at different locations in the organisation. The vibrancy, creativity and open-ness of the organisation in relation to its particular products and services becomes its hallmark. The core of cultural competence, then, is negotiating differences at multiple points of common ground – individual/individual; group/group; organisation/client; organisation/venture partner or supplier – rather than attempting to enforce a single corporate identity. Corporate culture means collaboration, not replication. It means opportunities for synergy rather than mindlessly repeated corporate messages."

Sometimes the easiest way forward is to ask community members how they would like to proceed, rather than relying on theoretical models. In all of this, the most fundamental principle is to show and foster mutual respect, so that the contributions of all members of the community are seen to be valued.

3.3 ENGAGING EXTERNAL STAKEHOLDERS



Institutional support for economic development can come from governments, or otherwise from donor agencies, corporate sponsors or non-government organisations. It can include provision of money, applying facilitation skills and expertise, as well as creating an enabling regulatory environment. While some communities may be able to drive the process of building their economies without outside help, for disadvantaged communities this support is invaluable.

The important role that local government can play is well illustrated by Case Studies 2.6 and 2.7, which relate to quite different government structures. In both Hoi An (Vietnam) and Kitchener (Canada) the local authorities went well beyond the normal conventions in developing incentives for local people to play an active part in building the local economy. This is made easier if local authorities have a funding base that can provide the necessary capacity. In Indonesia the national government is making changes to distribute funds directly at the “kampong” level through a process known as Dana Desa (village funds).

An example of poor institutional support is the Highland town of Kundiawa in Papua New Guinea (FOCUS, 2010b). Local enterprise is based on informal markets, and these provide basic livelihoods despite the lack of institutional support. However an improved enabling environment could open up opportunities for enterprise to thrive. This could offer particular advantages for women, who make up the bulk of the traders in the markets. Failed institutional support includes:

- donors provided funding for market infrastructure but it was left incomplete, providing dangerous working conditions and an ongoing liability for governments
- local government managing the central market poorly, with regulations which provide many opportunities for financial exploitation of the women who trade there
- moving some traders off public land has made way for a supermarket, with the promise of a new facility that did not eventuate – the traders now occupy steep muddy slopes and lack any security over their location.

Indonesia has some experience of outsiders stimulating economic development on a charitable basis. The late Jack Wilson was a Vietnam veteran determined to make a difference to the lives of low income groups in Indonesia. In 2002, Jack attended a workshop conducted by the 'Women Entrepreneurs of Baltimore'. When Jack returned to Indonesia, he became involved in Bantul, not far south from the city of Yogyakarta, after it was particularly badly hit by earthquake. He used the ideas he had been exposed to in order to establish a microcredit program drawing on his own veteran's pension. PPMK was founded, and in 2007 became a legal NGO. Today, PPMK is operated by a team of local Indonesians, with some input from foreign advisors. Around 200 small businesses are financed every year in categories such as food supply, crafts, livestock and rice farming.

East Bali Cashews is based in the village of Ban, Bali, and it employs around 300 people. This location is regarded as one of the poorest in Indonesia and is in stark contrast to the tourism-driven destinations most people are familiar with in Bali. This enterprise came out of the initial interest shown by a young American, Aaron Fishman, who noticed that up in the mountainous areas there were lots of cashew nut trees that were abandoned and not being harvested. Marketing began with a handful of stores in Bali but this has expanded to international sales across Southeast Asia, Australia, New Zealand and the US. Products are also sold on Amazon (Anthony Kent pers. com.).

Private sector companies can also play an important role in local economic development, but it is important that there are ways of moderating the unequal power that these may have compared with community stakeholders (see Case Studies 2.8 and 2.9 relating to the dairy and mining industries in Australia). Some years ago, the World Bank developed a framework for the public, private and community sectors to work together effectively. In some local areas, the additional involvement of the educational sector can be advantageous (eg in Kitchener in Canada, see Case Study 2.7).

The following summary draws on the facilitations materials prepared for the World Bank Business Partners in Development program (BPD 2001).

Tri-sector partnerships are active agreements involving the government, private and community sectors. Sometimes the community sector is represented by a non-government organisation with good grassroots credibility. There are seen to be distinct advantages in pooling resources across sectors, as there are complementary strengths that be combined in a way that provides synergy. The theory is that the pooled resources in tri-sector partnerships have greater value than the sum of the resources contributed by the different parties. These contributions can include:

- **government agencies** – offer credibility to partnership arrangements, strategic co-ordination through local development plans, public investment, broker or mediator
- **private sector companies** – make a unique contribution through their core competencies, for example employment, infrastructure, capital equipment, leadership, attention to performance and marketing
- **community sector** – contributes local knowledge, a capacity to mobilise community participation, tools and methods to ensure relevance to local needs.

It is fundamental to tri-sector partnerships that the private sector partners do not enter into agreements solely as a philanthropic gesture, but rather that they are clear about their underlying interests in the process. By seeking outcomes from the partnership that meet each party's underlying interest, the partnership will be more productive and durable.

For example, some of the benefits that can be achieved for private sector companies are:

- a more robust social licence to operate
- new channels of communication which increase the opportunities to prevent local disputes and manage social risk
- compliance with requirements from regulators and investors for social and environmental outcomes
- direct cost savings in times of investment uncertainty
- protected and enhanced local and corporate reputation
- more locally acceptable processes for impact assessment and mitigation
- more visible and effective contribution of projects to local economies.

Tri-sector agreements are currently being re-badged as Public-Private Partnerships, or Public-Private-People agreements (PPPs). The principles are the same – achieve added value and innovation through these partnerships, in a way that respects the legitimate interests of the parties, recognises where they have different objectives, and safeguard the interests of those with least power.

The importance of giving the least powerful a voice in any negotiations has recently been recognised in Papua New Guinea, with development of a Voice Strategy to support informal economy workers (CIMC 2017).

New ways of working across sectors may arise from the new Global Partnerships program which is being specifically designed to develop innovative solutions to the challenges of urbanisation, in the context of the New Urban Agenda.

3.4 CULTURE AS A DEVELOPMENT PILLAR



The components of sustainable development are commonly recognized as environmental, economic, social and cultural sustainability, with culture as the “fourth pillar”. The New Urban Agenda and the complementary Sustainable Development Goals offer opportunities to demonstrate how to actually integrate the four pillars of sustainability, through case studies of good practice.

The 1995 report of the World Commission on Culture and Development (De Cuellar Report) effectively summarised the values that underpin sustainable cultural development as follows.

“Development divorced from its human or cultural context is growth without a soul. Economic development in its full flowering is part of a people’s culture....Development and the economy are part of a people’s culture.”

“We stand on the threshold of the twenty-first century when a new and exciting era of human progress can begin. It is a century when:

- *development can be built around people rather than people around development;*
- *development strategies can enrich cultural heritage, not destroy it;*
- *equality of opportunity can be ensured for present generations as well as for future generations;*
- *a new global ethics can emerge which respects the universalism of life claims of every new-born person everywhere and which establishes a common mortality for both the powerful and the weak.”*

Drawing on cultural resources as the foundation for building a local economy can be powerful, as demonstrated in several of the case studies in Part Two. This can empower local communities, provide competitive advantage around cultural difference, and drive enterprise in the arts, manufacturing and service industries. Cultural tourism is a growth niche, which can provide significant economic benefits. Globally the value of world trade of creative

goods and services has been estimated as US\$624 billion, representing over 10% of all jobs. Tourism represents 9% of global GDP a much higher proportion of the GDP of Least Developed Countries, and is a sector with a relatively high growth rate.

Mobilising cultural resources for social and economic benefit is proving one of the most effective ways of alleviating poverty, developing community skills and stimulating economic growth.

“Cultural resources are replacing natural resources as the primary raw material of economic growth. Where timber, iron and oil once ruled, knowledge, creativity and design are establishing themselves as the crucial sources of added value.” (Matarasso, 1991)

Although many cultural industries are based on the heritage resources of the past, they can also reinterpret heritage and project into the future, ensuring a dynamic and creative environment for industries based on contemporary cultural identity.

The World Commission on Culture and Development estimated that even twenty years ago the manufacture of handicrafts based on cultural heritage accounted for nearly a quarter of all micro-enterprises, providing a livelihood for millions of people, particularly women. The resources that support these and other cultural industries are readily accessible to people, and participation can provide dignity and respect as well as a vital livelihood.

Protection of the cultural resource base is significantly undermined by unplanned urban growth. Physical heritage resources are threatened by demands for redevelopment, including land speculation, and social structures are disrupted. Gentrification and tourism development have the potential to displace historical communities. Cultural clashes caused by the juxtaposition of immigrant groups with different lifestyles and values, as well as different levels of access to resources, can inflame tensions and lead to social dysfunction. However within a supportive social and physical framework migration into urban centre may bring new cultural resources that can enrich the resource base, and contribute a potential for innovative enterprise based on these resources.

A practical framework for sustainable cultural development within the New Urban Agenda should include the following strategies.

- 1. Engage the public, private and community sectors:** the tri-sector approach described previously can be very effective in developing a framework for heritage protection and cultural industry development. It is important that this is an inclusive and respectful process.
- 2. Identify cultural resources:** cultural mapping should include tangible and intangible heritage as well as contemporary cultural resources. Community participation in the mapping process should be encouraged, with appropriate training.
- 3. Build local capacity for conservation and interpretation:** an inclusive approach requires that cultural conservation agencies work with local communities, the private sector and government officials to develop new skills and appreciation.
- 4. Develop an asset management regime:** requirements for protecting physical and social heritage resources in the short and long term need to be identified, within a clear budgetary framework.

- 5. Establish an economic development regime:** this should encompass mobilising resources for economic benefit, distributing benefits within the community, and investing in protection of the asset base
- 6. Provide incentives for consistent development:** this can be a powerful way of implementing the economic development framework, for example by way of tax concessions and enterprise licences, and permission for creative re-use of built infrastructure.
- 7. Develop promotional materials and interpretive programs:** this is essential infrastructure for cultural development and it may include establishing interpretive hubs (exhibitions, galleries, museums) as well as guided tours for the benefit of all creative industry participants.
- 8. Protect cultural freedom:** development needs to respect the cultural values of all participants. Strategies should prevent commercial exploitation of cultural industry practitioners, for example by misuse of cultural property, and should empower local communities to control how culture is presented.
- 9. Reinvest in social wellbeing:** it is vitally important to ensure that historical or migrant communities are not held in a state of impoverishment while their cultural resources are mobilised for economic gain, and that there are clear benefits in terms of contemporary infrastructure and services.
- 10. Monitor and mitigate impacts:** the flow-on effects from development need to be well managed, including urban traffic congestion, wear and tear on the physical environment, and the safety of residents.

A new approach to developing economies based on local culture is evident in parts of India. Two new schemes have been launched by the Central Government: Heritage City Development and Augmentation Yojana (HRIDAY) focussing on heritage cities, and Philanthropic Relief Altruistic Service and Development (PRASAD) enhancing pilgrimage destinations. The ancient town of Amaravati in Andhra Pradesh is a potential demonstration of the integration of these two programs. However there are significant challenges in combining investment in 21st Century infrastructure with protection of ancient heritage, also preventing real estate speculation and mitigating the potential adverse impacts from intensified use and visitation. Some of the lessons learnt from Hoi An in Vietnam are highly relevant here, including the importance of a strong participative local governance framework that can lead development and moderate its impacts.

3.5 PLANNING FOR ECONOMIC GROWTH



Having identified appropriate opportunities, good planning can be vital for successfully building a local economy. The planning framework needs to start with setting clear objectives. These need to be set by local community members recognising local values and priorities. Developing a strong vision that can be presented in words and pictures may be part of this process. Using Photolanguage (see Case study 2.5) is just one of the tools that can assist this process, and this has been applied in a range of cultural contexts. Using pictorial prompts of any kind seems to enable individuals to speak about their emotional contact with a project or program, and this can reveal otherwise unspoken values and beliefs that are fundamental to vision setting.

Once the objectives are set, the economic planning process can proceed to assess what resources are needed to pursue the chosen opportunities, and the appropriate timelines for action. Developing appropriate skills including management capacity needs to be part of this framework, and the timelines for skill development can take account of formal study as well as work placements to achieve on-the-job training. Getting relevant industry experience is a critical factor in achieving business success, often more important than formal training (FOCUS 2011a).

Blakely and Bowman (1986) provide a very detailed process for encouraging local economic development as follows.

Phase I Data gathering and analysis

- Determining the economic base
- Assessing current employment structure
- Evaluating employment needs
- Examining opportunities for and constraints on economic development
- Examining institutional capacity

Phase II Selecting a local development strategy

- Establishing goals and criteria
- Determining possible courses of action
- Developing a targeted strategy

Phase III Selecting local development projects

- Identifying possible projects
- Assessing project viability (political/community, location/market, economic/financial and operational)

Phase IV Building Action Plans

- Pre-assessing project outcomes
- Developing project inputs
- Financial alternatives
- Identifying project structures

Phase V Specifying project details

- Conducting detailed feasibility studies
- Preparing a business plan
- Developing monitoring and evaluation program

Phase VI Overall development plan preparation and implementation

- Preparing a project plan implementation schedule
- Developing an overall development program
- Targeting and marketing community assets.

Similar planning processes have been advocated at the level of individual businesses (for example Houghton 2000; Wilmet 2008) to ensure potential entrepreneurs are fully aware of local resources and markets.

Promoting the value of planning is sound, but it can be frustrating for people operating at the grassroots level if it involves production of wordy documents and if it is not action oriented. An academic framework is likely to be popular with consultants rather than with the communities themselves. Communities will need a more practical blueprint for immediate hands-on action.

Action plans need to specify who should do what, and when. Responsibility for implementing the plan as a whole needs to be allocated to a local group or organisation, and regular reviews of how the plan is proceeding will ensure that things move forward. This appears to have been a critical success factor in relation to Clarkdale in the United States, for example (Case Studies 2.3).

It is essential that the objectives are developed with broad community participation so that there is a good measure of understanding and support for subsequent economic development initiatives. Participation will only occur if external experts stand back and create a space for effective community conversation. Participants need to be empowered to speak out, and cultural concepts can be accurately expressed and embedded in the objectives. A forum for discussion that departs from the western style of meeting may help in breaking down barriers. In more traditional communities this enables those with traditional authority to manage the discussion in a productive manner (giving people an appropriate time and place to express their views, dealing appropriately with individuals who want to dominate the discussion to the exclusion of others, allowing time for participants to collect their thoughts).

As a starting point for establishing an empowerment framework, the following questions may be helpful (OECD quoted in Blakely and Bowman, 1986)

- What are the local values that will motivate local people to participate in the economy, and to support local economic development initiatives?
- Is the main aim to maximise employment or to maximise economic return on investment?
- How important is it to develop greater self sufficiency in the local economy?
- How important is it to strengthen existing business and/or to add value to local production of goods and services?
- What will it take to engage individuals who are currently not participating in the local economy?
- What resources need to be protected as economic activity increases?
- What flow-on benefits can be offered to public or private sector investors or external funding agencies?
- How quickly should businesses become independent of external funding or support?
- What are the capacity building requirements for effective business management and operation?

What seems to work well or fail to work for government agencies and the private sector in supporting community empowerment for economic development can be summarised as follows.

For the government sector:

- **DON'T** keep changing government interventions
- **DON'T** put public servants with no business experience in charge of enterprise development
- **DON'T** impose standard formulaic approaches
- **DON'T** repeat past mistakes

- **DO** show cultural respect in engaging with communities
- **DO** listen
- **DO** find out what has worked in the past
- **DO** try to ease up on regulatory obstacles
- **DO** let strategies be driven by clear local planning objectives.
- **DO** start with human resources including existing skills
- **DO** look to long term practicalities and sustainability
- **DO** keep an open mind and encourage innovation.

For the private sector:

- **DON'T** conceal your concern to make a profit – there's nothing wrong with it
- **DON'T** try to do what governments can do better
- **DON'T** presume you can maintain the old ways of working – the world has changed and dinosaurs have had their day
- **DO** invest time in building respectful relationships
- **DO** think about how partnership approaches can be mutually beneficial
- **DO** listen to what communities have to say
- **DO** use your business expertise to help your local partners
- **DO** try to bring government along to do its bit.

There is no one model to suit all circumstances, but hopefully these tools and tips can support some successful new ventures in building local economies, ensuring a spread of benefits amongst present and future generations.

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