

Managing the economy locally in Africa

ECOLOC handbook

Assessing local economies
and their prospects



Club
for the
Sahel
OECD

Volume
Summary

1

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Summary

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F o r e w o r d

Decentralisation is potentially one of the most significant political and institutional innovations to have followed the recent extension of democratic processes in Africa. It is a fundamental break with earlier practices whereby most of the levers of development were held by central States. The challenges of development can only be effectively met, it is now recognised, if they are the concerns of all actors at all territorial levels. Essential ingredients are dialogue between actors and their active participation in the management of those issues that concern them.

Furthermore, ordinary citizens want to see local evidence of development. Some degree of grassroots development is one way of reconciling them with the promises of modernity, within a social contract founding a new citizenship within African States. In this sense decentralisation offers a new opportunity for development in Africa.

For that opportunity to be seized, local public and private actors must have sufficient information to be able to set their action within a consistent, predictable framework. Until now, this has not been the case. The policy design and management tools (statistical apparatus, comprehensive and sectoral strategies, etc.) were developed for national level only; far less attention was paid to local issues and the many linkages between local and national economies.

Since decentralisation is intended to encourage local development, elected officials and other actors must have access to the localised economic and social data with which to take informed decisions. If there is no shared future vision based on objective information, common to all the driving forces in a local area, no sustainable local development or autonomy is possible.

To fill this information gap and prepare for the credible use of decentralisation for development, the Club du Sahel Secretariat and the Municipal Development Programme (MDP) launched the ECOLOC programme. ECOLOC provides local elected officials and other actors with useful information for identifying the levers they can use to improve the competitiveness and quality of the social services within their local area. The programme includes a study phase, a social dialogue and consultation phase, and an economic promotion and revival phase.

Ten mid-sized cities in the sub-region (and their hinterlands) have so far adopted the ECOLOC approach to define their strategic development framework and their objectives for mobilising local resources. These objectives involve local tax reform, local investment planning and a process to revive local economic activities. The ECOLOC studies have also shown that it is possible to produce a comprehensive picture of local economies and their linkages with other economic areas; and that this can be done at reasonable cost relatively quickly. Many of the data required to produce this picture or "profile of the local economy" already exist, and can be supplemented at little cost, mainly by using local expertise.

The value added of the ECOLOC programme consists of taking the information available and turning it into an operational decision-making tool. In this way ECOLOC revitalises the system of local data collection, and can in some cases help raise the status of the work done by local statistical and planning services.

As a result of the success of the ECOLOC approach and the great interest shown by numerous requests for studies from other local authorities and even governments, we considered it essential to capitalise on this initial experience in managing local economies in West Africa.

Volume I of the handbook deals with the methodology of ECOLOC studies. It will be followed by two further parts. Volume II will focus on the consultation approach for achieving a shared vision of local development and building coalitions prepared to carry out certain aspects of that vision. Volume III will address economic promotion and the revival of activities.

The Club du Sahel Secretariat and the MDP are confident that the ECOLOC approach will support the emergence of a new generation of local elected officials, who listen more closely to citizens, and are more attentive to local economic and social development and more concerned to base their action on reality. This new generation of local elected officials is another opportunity for development in Africa.

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I n t r o d u c t i o n

The programme to revive local economies in West Africa, called ECOLOC, was launched jointly by the Club du Sahel and the Municipal Development Programme (West and Central Africa module), to support the current decentralisation process in the region. It is based on the obvious truth that any decentralisation process that did not have a positive effect on local development would fail in its objective and would be highly likely to arouse serious disillusionment with democracy. To minimise this risk, it is essential that local actors be able to identify the levers they can use to make their areas more pleasant to live in, more competitive and more attractive. The programme uses the methodological results of the West African Long Term Perspective Study (WALTPS),¹ carried out by the Club du Sahel with support from a number of African States and donors.

More accurate knowledge and better understanding of the workings of the local economy, its strengths and weaknesses, should make it easier to devise and adopt a local development framework, corresponding to the national *Comprehensive Development Framework*. This Local Development Framework could itself be the basis for municipal development and investment plans; it could structure relations between local authorities and local civil society, especially local economic operators, and facilitate negotiations between all local actors and their external partners: State, development co-operation agencies, decentralised co-operation, etc.

The main ambition of the ECOLOC programme is thus to contribute to the various current discussions on the definition of decentralised or “localised” development strategies. This contribution focuses as yet mainly on the production of relevant economic data and a fuller understanding of local economic and social trends.

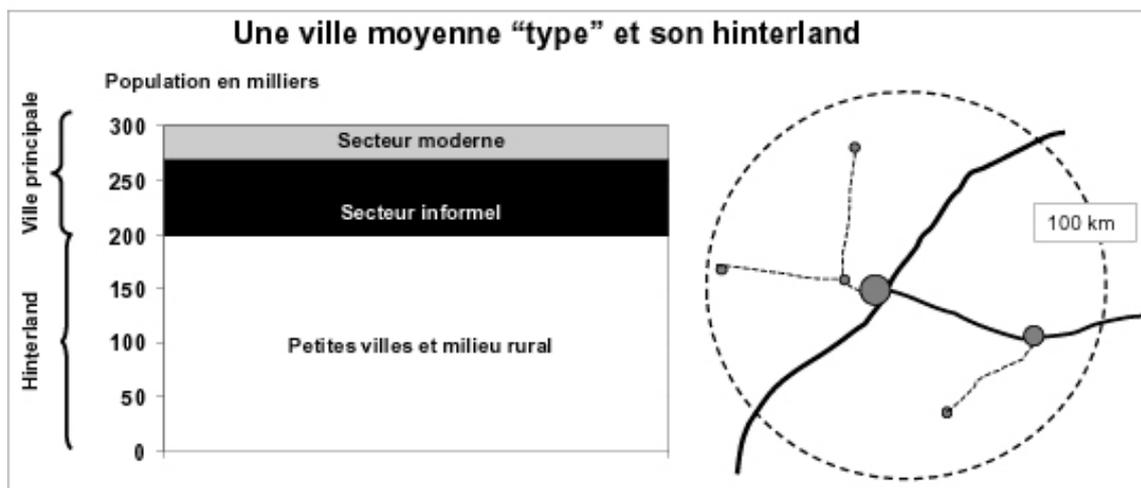


The ECOLOC programme began in 1997 with a series of pilot studies of the economies and hinterlands of eight second-rank cities in West Africa: Saint-Louis in Senegal; Sikasso and Ségou in Mali; Daloa, Korhogo and San Pedro in Côte d'Ivoire; and Bobo Dioulasso and Kaya in Burkina Faso.

This first set of case studies demonstrated that for territories in sub-Saharan Africa with populations of 200,000 to 500,000, or even a million, urban and rural, the *concept of local economy* does correspond to a perceptible reality. This is the reality of demo-economic catchment areas that are indeed open to the rest of the country, region and world, but with sufficient population and density to have major potential for the internal generation of wealth and trade. This concept of a local economy helps explain how local society (households, economic agents and institutions) actually operates and changes, and in what way it could begin an independent process of development.

1. West Africa Long Term Perspective Study, OECD, 1998.

The case studies showed that it is indeed possible to produce an exhaustive, realistic description of these local economies and their linkages with other economic areas, at reasonable cost and speed. The data required to construct this “profile of the local economy” already exist to a large extent, and can be supplemented at little expense by local researchers. Little use is currently made of existing information in its available form: the ECOLOC programme revitalises the system of local data collection, and can in some cases help raise the status of the work done by local statistical and planning services.



In Cotonou in October 1999, a regional methodology seminar discussed these results and drew conclusions for the future, in terms both of methods for evaluating the local economy, and how local actors might use the ECOLOC tool for development purposes. This seminar marked the end of the pilot phase of the ECOLOC Programme.

The second phase of the ECOLOC programme is being prepared. It has three essential objectives:

- ✎ Respond to the huge demand for assessments of local economies expressed by local elected officials following the findings of the first case studies; this will mean making a greater use of African expertise, from individual countries and the region, and a wider process of training, methodology transfer and co-operation with statistical services;
- ✎ Extend the assessment work via a process of local ownership and consultation in order to define a “local development framework” and implement practical actions to “revive the local economy”. Promote, therefore, extensive experience-sharing in holding local debates and formulating local development strategies, in liaison with all the official actors, both national and international, involved in the region’s development.
- ✎ Use the studies and debates to provide operational conclusions concerning:
 - ✎ the financing of local development, from both internal resources and external aid;
 - ✎ how to design and implement “integrated local development” programmes involving coherent actions in urban and rural areas.

To that end, the aim of publishing an ECOLOC handbook is to set down the experience gained during the pilot phase. The intention is merely to make available to development practitioners one operative method, certainly perfectible, of approaching local development.

This is the summary part of Volume I of the ECOLOC handbook on evaluating a local economy. It refers to the following five technical documents:

- I.1 Conceptual framework of the ECOLOC approach
- I.2 Team organisation and terms of reference
- I.3 Initial model of local accounts and framework document
- I.4 Producing local accounts
- I.5 Taking account of the spatial dimension of local economies

Volume II will deal with organising local debates and how actors define strategies.

Volume III will deal more specifically with ways of developing local coalitions to revive local economies and tax systems.

This text is thus basically a summary of the documents in Volume I of the Handbook. Section IV does, however, describe some lessons that have been learned from partial experience in taking the ECOLOC approach beyond the study phase.

I. General presentation of the ECOLOC approach

The approach to “managing the economy locally in West Africa” proposed by the ECOLOC programme is founded on two basic elements:

- ✎ A *conceptual framework* appropriate to the nature and conditions of change in these sub-Saharan economies, to be used for the actual study of the local economy;
- ✎ An *approach* that combines study, debates encouraging ownership and policy discussion, and the implementation of development actions.

1.1. Conceptual framework

The conceptual framework of the ECOLOC approach is an adaptation to local circumstances of the so-called “demo-economic” approach developed by WALTPS, whereby changing settlement patterns are given a determining role in economic change. WALTPS showed that West Africa (like the rest of sub-Saharan Africa) is at present completing its demographic transition. Migration is extensive, from one country to another, from the interior to the coast, from rural areas to cities, from one city to another, in response to disparities in natural potential and the opportunities created by increasing trade. Consequently it is the total growth and *major redistribution* of population in the region that are driving economic change

The demo-economic approach accounts for the fact that, together with modern or capital-intensive activities comparable to those in developed countries, it is urbanisation² and population redistribution in general that are the vectors transferring the working population from unproductive, traditional, rural activities one step up from subsistence, to more productive activities (albeit not very capital-intensive), which are mainly urban, but can be rural in some suitable areas.

The WALTPS research reveals the value of looking at national economies as collections of integrated local economies in which changes reflect the rapid concentration of production in urban areas. It also demonstrates the positive part played by urban growth in the economy as a whole, and confirms the structural duality of the urban economy.

2. The rise in the proportion of city-dwellers in the total population.

1.1.1. A NATIONAL ECONOMY CAN BE PERCEIVED AS A COLLECTION OF LOCAL ECONOMIES DEVELOPING AROUND URBAN CENTRES THAT EXTEND THEIR INFLUENCE OVER MOSTLY RURAL HINTERLANDS

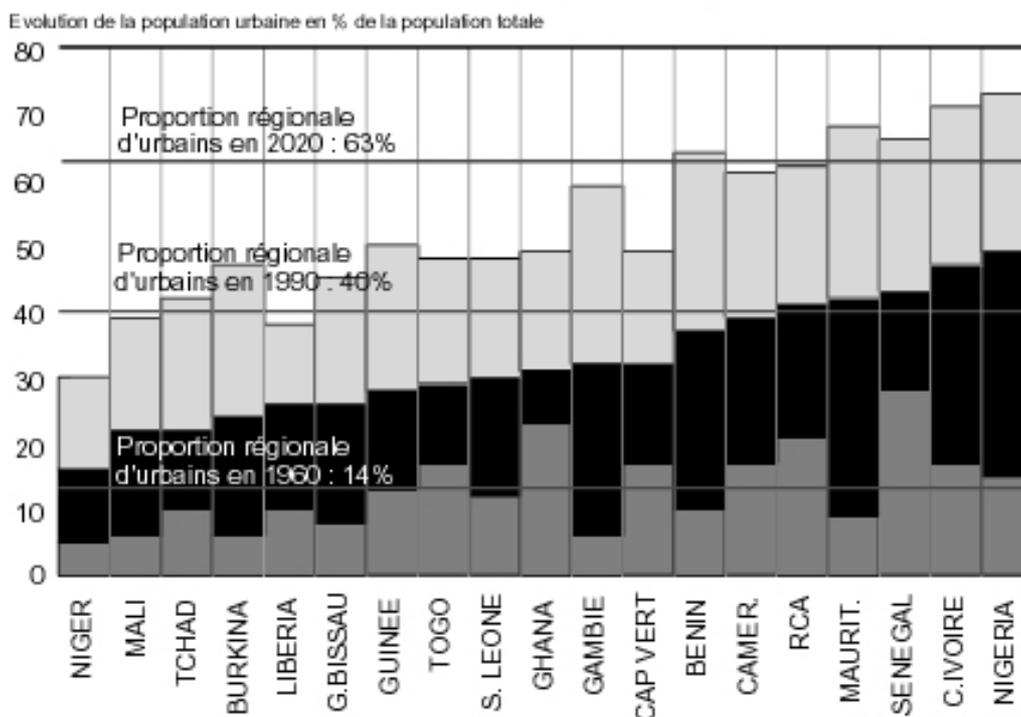
From 1960 to 1990 the urban areas of West Africa absorbed over 60% of total population growth. At the start of the period they accounted for only 14% of the total, and now it is nearly 40%. The number of cities over 100,000 population has risen from 17 to 90, and of urban centres over 5,000 population from 660 to 2,500; the total population of these urban centres has risen from 18 to 80 million.

Unless there is a succession of serious political or economic crises, the urban population of West Africa may be expected to increase three- or fourfold by 2020. And in most countries in the region, the rural population will also continue to grow.

The economic importance of this intense urbanisation comes from the role that cities play in organising space and the influence they have on the rural economy, especially crop and livestock farming. The volume of agricultural products marketed per farmer (in excess of self-consumption) doubled from 1960 to 1990, despite food imports. This is largely due to the division of labour and the development of the market economy brought about by urbanisation.

This influence of cities on crop and livestock output is not evenly spread across rural areas: the demand for farm goods is higher nearest to urban markets, and the capacity of farmers to respond depends on marketing conditions (transport and communication networks, transaction costs, internal and external competition, etc.).

Proportion d'urbains dans les pays ouest-africains : évolution 1960-1990 et projections pour 2020



Overall, roughly four-fifths of total economic activity in West African countries is concentrated on less than one-fifth of their surface area, in cities and their adjacent areas of influence. Production and trade within these “urban-centred” areas, which are both urban and rural, is growing faster than the relevant national average, and the area of land subject to strong urban influence is expanding. These are the areas that make up the reality of the “local economies” the ECOLOC programme addresses. Their boundaries obviously change over time, especially as cities develop.

1.1.2. URBAN AREAS ACCOUNT FOR A GROWING SHARE OF ECONOMIC ACTIVITY

WALTPS estimates that the share of real regional gross product in West Africa that is due to urban areas rose from 37% in 1960 to 70% in 1990, while the urban population rose from 14% to 37% of the total.

West Africa not including Nigeria: Gross Regional Product (GRP) (1990 \$ billions)

	1960	1990	2020
URBAN AREAS	16	92	431
RURAL AREAS	27	40	76
TOTAL	43	132	507
URBAN SHARE OF GRP (%)	37	70	85

Source: WALTPS

Despite the huge increase in the urban population and the economic crisis that has hit most States in the region, the urban areas more than rural ones, “urban productivity” (value added in urban areas divided by urban population) is still three or four times “rural productivity”.

Under various scenarios examined by WALTPS, by 2020 urban areas are likely to generate some 85% of total Gross Regional Product, even allowing for the higher farming productivity that could potentially follow from further urbanisation (a higher ratio of urban consumers to farmers). From 1990 to 2020, the flows of goods and services exchanged between cities, and between cities and their hinterlands, will grow virtually tenfold, which gives some idea of the investment challenges that face the officials responsible for regional planning if the potential of this predictable change is to be realised.

1.1.3. THE URBAN ECONOMY WILL LONG EXHIBIT A SHARP DUALITY BETWEEN THE MODERN AND INFORMAL SECTORS

The so-called “modern” sector of the economy comprises those activities that comply with generally accepted legal and management rules. The so-called “informal” sector contains the activities that do not comply with all these rules, and may not even be recorded, but which make up a de facto “popular economy” covering virtually every branch of activity in the economy.

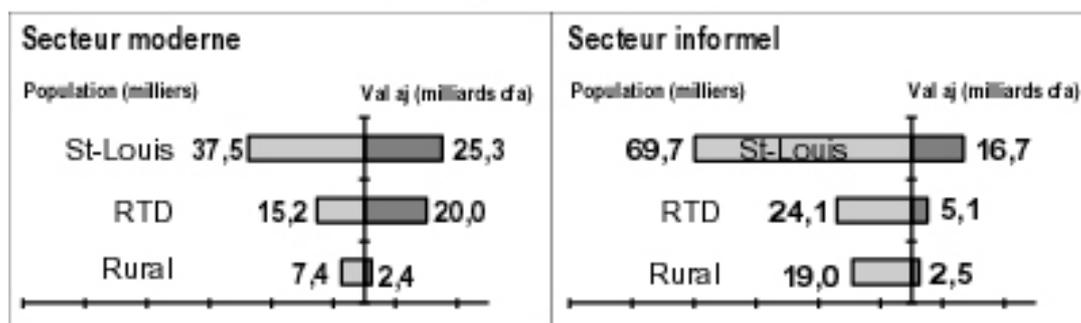
The modern sector generally employs less than one-third of the urban working population, but generates over three-quarters of value added in urban areas. The popular economy is the most job-creating sector in the whole economy, ahead of agriculture.

With the exception of the public sector, the modern sector is highly open and sensitive to international trade cycles, but is not very developed outside the largest cities in West Africa. The hope that modern employment would absorb the urban demand for work has long since been abandoned. Indeed the modern sector's share of employment has even shrunk as a result of the crisis of the 1990s and the structural adjustment programmes. In the medium term, even assuming a vigorous economic revival, its share will at best remain stationary, or slowly decline, because of future population pressure.

The population involved in the popular economy has risen in thirty years from 7 to 49 million, and because of this increase, average productivity (per capita value added) has varied little. These people were more affected by the economic crisis, but almost all the millions who entered the urban popular economy, mainly from agriculture, managed in a short time to double or triple their total expenditure and raise their monetary incomes fivefold.

Where labour is continually abundant because of population growth and migration, the urban popular economy acts more to integrate and employ the largest possible number of new recruits (providing a minimum to live on) rather than to increase productivity in the sense of the production of goods and services per unit labour. Note that this has not prevented a minority of informal business people from achieving high incomes. The urban popular economy has thus made it possible for the farm sector to enter a phase of growing productivity and incomes, despite competition from imports. It is only once the reservoir of potential migrants begins to dry up that average productivity in the popular economy will be able to enter an accumulation phase and rise substantially above the requirements of survival in urban areas.

**Secteur informel et secteur moderne
dans l'économie locale du département de Dagana
(Sénégal) en 1997. Source ECOLOC.**



RTD = Richard Toll et Dagana (petites villes situées dans l'interland de Saint-Louis)

Source: ECOLOC

The activity of this popular economy illustrates the importance for the urban economy and the regional economy as a whole of the demand for basic goods and services such as housing, food, and transport. Accounts of the region's real economy show that, for the period 1960-90, over one-third of the total increase in Gross Regional Product is directly accounted for by the increase in household "basic needs" due to population growth and redistribution, which are gradually replacing self-sufficiency with a trade economy.

I.1.4. URBAN GROWTH IS A FACTOR OF PRODUCTIVITY

The positive correlation within a national economy between a city's population and average productivity (gross local product divided by population) is clearly established for those countries that possess "regionalised" economic accounts. In Africa the data are more sketchy, but point in the same direction. Very broadly, the average productivity of a city of 50,000 population is twice that of a town of 5,000 and one-third that of a city of 500,000.

The reason the average value added per person in a city increases with the city's size is that its firms and households have access to more partners and a greater variety of marketable and non-marketable goods and services, and have to face greater competition. Access to a wider market of workers provides more opportunities for an employer, and access to a wider market of employers provides more opportunities for a worker. Other things being equal, the actual use value of infrastructure and collective facilities is an increasing function of the number of users, whether enterprises or households.

But these urban economies of scale must not be cancelled out by the higher costs and inconveniences caused by poor city management: excessive travel time, traffic congestion, inefficient or unjustifiably expensive urban services, breakdown in law and order, etc., which are not in themselves inevitable consequences of the size or rapid growth of a city.

I.1.5. URBAN MARKETS DRIVE PATTERNS OF AGRICULTURAL CHANGE

Cities are the largest and fastest growing market for farm products, 80% of which are consumed within the region. But urban demand for food and labour is unevenly spread, resulting in different dynamics across the region. In areas fully exposed to the influence of urban markets, farming competes with non-farm activities, on the standard economic model, for land use, labour and investment. These areas, often densely populated and extensively involved in trade, contain a growing proportion of the rural population. In a second belt, further out from cities, market influence is growing, but is not consistent enough to have generated new regulation systems, giving rise to fierce competition for resources. Finally, much of West Africa is still barely connected to markets. Some of these areas manage to grow high value products to make up for their distance from consumer centres; but most of them adapt by out-migration to better endowed areas. Growth in market size and average income means that market demand is becoming stronger and more diverse over time, creating outlets for new products and new producing areas. In response to this growing demand, regional trade in agri-food products is expected to grow steadily in the coming decades.

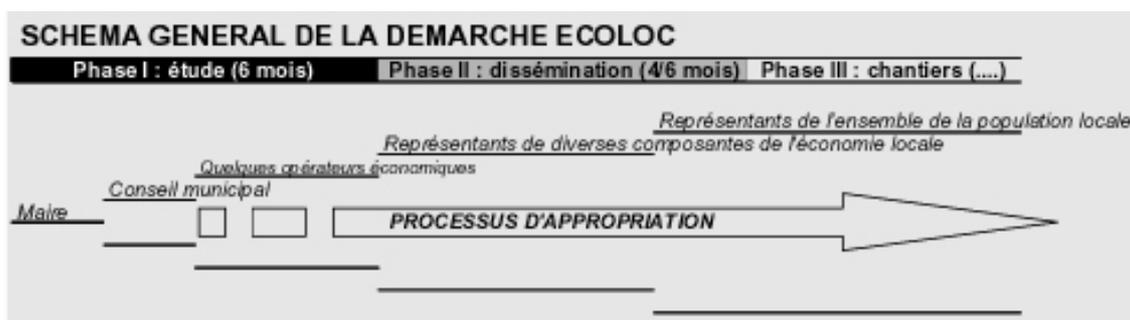
The primary complex, defined as primary production with its upstream and downstream linkages, is evolving in response to the development of market-driven farming, using more external inputs and selling a growing share of its production. Primary production is declining as a share of total primary complex activity. Much of the employment and value added generated by agriculture is non-agricultural and urban based.

Conversely, the development of most mid-size cities still depends primarily on their capacity to encourage primary production and find market niches for local products. Through national policies and technical projects, national governments and donors should encourage the early stages of the division of labour between a lower proportion of more efficient farmers and a growing pool of service providers and consumers in the cities.

1.2. The ECOLOC approach

Apart from using the conceptual framework described above, applying the ECOLOC Programme to a city and its hinterland means implementing an approach that will in one continuous movement bring together an increasing number of local actors, especially economic agents, to describe the local economy and analyse its prospects.

The ECOLOC Programme has devised and recommends an approach in three partially overlapping phases: a *study phase* lasting 4-6 months; a *dialogue and consultation phase* of about the same length; and a *revival of the local economy phase*, using a strategy decided after the previous two phases. This third phase, by its nature, has no limit in time.



1.2.1. STUDY PHASE

The study phase ends with the production of a set of *coherent retrospective and prospective data* on the local economy, its actors, issues, and trends. These data must be expressed in quantitative, qualitative, and spatial terms, summarised in a reference document called “Profile of the local economy” (rather than “Indicators”, as used at the start of the Programme, which suggests day-to-day management rather than a strategic approach).

The study is monitored by a committee, usually called the ECOLOC Committee, made up initially of the local mayor of the main city (or mayors of other towns in the study area, if they so wish), and a senior city councillor or two in charge of economic affairs. The Committee gradually extends its membership to a similar number of major economic agents, representatives of Chambers of Trade, professional organisations, non-profit associations and trade unions.

The study phase ends with a public dissemination of the results, attended by all local actors, public and private, representatives of the central administration, and, if possible, the donors.

1.2.2. POLICY DIALOGUE AND CONSULTATION PHASE

This second phase, following on from and connected to the public dissemination session, should lead to the adoption of *strategic guidelines for local development*, which one might call “Local Development Framework” on the analogy of the Comprehensive Development Framework. This phase is managed by the local authority, with support from a consultation specialist and the study team members, and is designed to widely disseminate the knowledge gained in the study, compare it with the perceptions of local people,

and enable the various components of local (civil) society to express their opinions and expectations for local economic development. The Local Development Framework (LDF) should:

-  **Produce a widely agreed analysis** of past developments, and the strengths and weaknesses of the local economy. This should reveal the interdependency between various activities, particularly the links between the urban economy and the crop and livestock output of the hinterland; between local urban and rural development, the initiatives of entrepreneurs and land-use planning, public or collective facilities; between public investment and public resources; between public resources and taxes on wealth produced or accumulated private capital, especially real estate;
-  **Propose a shared vision** of the issues and prospects of the future development of the local economy, the functions and activities that might form its base or “engine”, the strategies to adopt in competing with neighbouring local economies and within the national and regional economies;
-  **Select priority objectives** for 1) public planning and facilities, including the management and maintenance of the existing stock, in order to reduce the transaction costs inherent in the local economy and with the rest of the country and the outside world; 2) the development of sectors or activities with high growth potential;
-  **Decide on a public investment strategy** based on mobilising local resources, taxes and others, the capacity for borrowing, and sharing of responsibility with the various bodies in charge of public planning and facilities.

1.2.3. REVIVAL OF THE LOCAL ECONOMY

The actual revival of the local economy is the implementation of the policies adopted and the affirmation of local autonomy and political will to manage the local economy; it must clearly mobilise all actors. Current experience shows that this economic revival phase may involve:

-  Negotiating and applying a process for boosting local resources, taxes and others, to a level appropriate for the investment and maintenance objectives for public capital stock;
-  Specific action to support and organise partnership for particular activities or sectors of private activities;
-  Negotiating investment programmes with external partners (central State and donors) on the basis of the LDF, which is a reference and means of achieving consistency between the various actors;
-  Creating, with other local authorities of similar rank, associations to put the case for common issues with national authorities or donors;
-  Organising, if necessary, consultations with local authorities in neighbouring countries to devise coherent policies and discuss common interests, particularly in land planning, regional trade and organisation of markets.

II. Methodology of an ECOLOC study

The ECOLOC study is the first phase in the ECOLOC approach. It is the only phase that has as yet been completed in a sufficiently large number of cases to be tested, formalised and set down in a “handbook”.

2.1. Objectives and principles for evaluating the local economy

The ECOLOC study is not an end in itself. It is the first phase in a process aiming at decision-taking. Its objective is to provide information that is of immediate use to local decision-makers, whose missions are becoming increasingly complex. Acquiring data to understand the position of the local economy is, of course, essential; but even more important is discerning the mechanisms and operational thinking behind that economy, and revealing how local economic life might be promoted or invigorated. The study needs to provide evidence to answer questions such as: Upon what basis might or should elected officials and local business people negotiate a common strategy to revive the local economy? How and where can or should the local authority play a specific part in ensuring an environment that is favourable to local investors and attracts external ones?

Adopting the “ECOLOC approach” for this purpose involves bearing in mind a certain number of important principles that are an integral part of the conceptual framework:

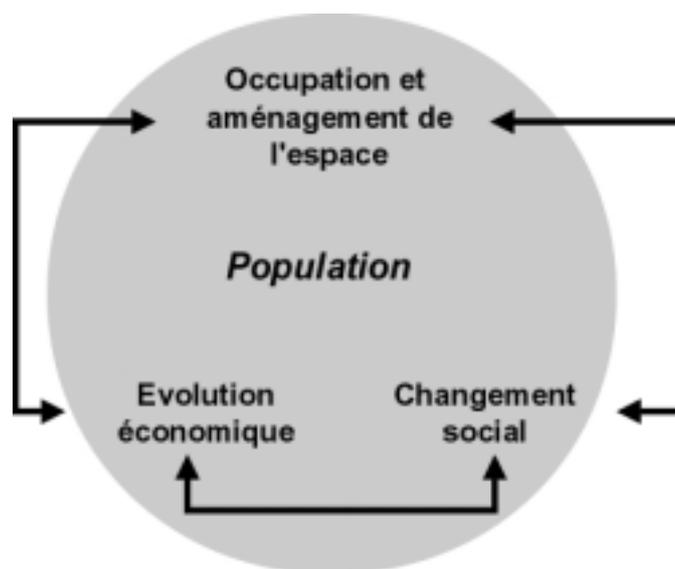
- ✎ A “local economy” is both urban and rural, and understanding it means paying equal attention to the development of the hinterland (crop and livestock output and organisation of trade) and of the city (activities and facilities). Just as the economy’s revival requires a consistency of action in the city and its rural and semi-rural hinterland;
- ✎ Assessing the relative importance of local development issues requires putting them in the context of a retrospective and prospective analysis, of the long-term developments in the local economy, so as to distinguish between structural and cyclical features;
- ✎ A sound strategy needs to address both means and ends, and the key point is to identify the levers that local actors, beginning with the local urban authority, can actually use, rather than adopting a welfare mentality and merely rhetorical positions.

The operational study of a local economy, in the spirit of ECOLOC, is therefore not merely an exercise in economic analysis or accounts; it takes into account the spatial, temporal and social dimensions of development. To that end, the ECOLOC method recommends that a certain number of principles and practices be applied, as briefly summarised below.

2.1.1. UNDERSTANDING DEMOGRAPHIC, SPATIAL, ECONOMIC AND SOCIAL TRENDS IN BOTH URBAN AND RURAL AREAS

The purpose of an ECOLOC study is not to produce yet another thesis on the history of a city to add to those already done. It is to use existing research complemented by carefully targeted surveys and interviews with selected local actors in order to arrive at an understanding, explained to and shared with others, of how the local economy operates and changes.

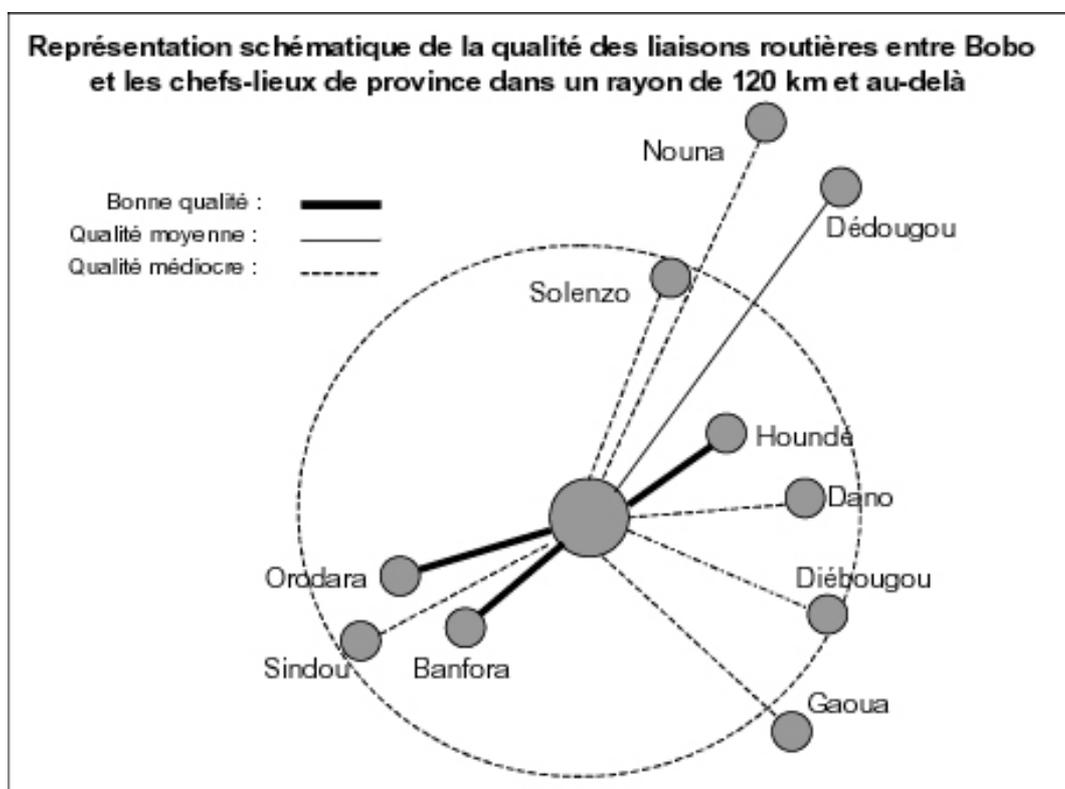
We start from the assumption that people produce and consume in the place where they live, that how they produce largely determines their form of social organisation and their use and organisation of space. Any alteration in one of these components (settlement patterns, social organisation, land use) brings change and the need to seek a new equilibrium. Which is why local trends in settlement patterns, economic development, social, political and spatial organisation may be said to make up a single system and explain the changes affecting local life. Population growth is the first factor of change and the origin of many types of individual and collective strategy; there can be no economic progress without some alteration of land-use (settlement patterns) and planning, or some social change (in the structures of society and individual behaviour).



Although the focal city in a given local economy is central to change, it cannot be examined as a closed system, given the stage the region's economies have now reached. The city lives by its relations with its area of influence (hinterland). It is essential to perceive the city not only in terms of its own activities and internal changes, both social and physical, but also, indeed mainly, as a centre that organises its area of influence, channels the movement of people, goods, and money, generates economies and diseconomies of scale that are both internal and external, and creates new comparative advantages (or defends existing ones) in competition with other cities and their hinterlands. The task of the local economy study is to describe this complex and shifting reality.

Bobo Dioulasso, economic capital of western Burkina Faso

Bobo's potential area of influence within a radius of 120-150 km covers most of western Burkina Faso. In farming terms, Bobo is the centre of gravity of the most productive area in the country. The main food-growing areas lie to the east and south-east of the city (Houet, Kéné Dougou, Comoé); surpluses also arrive from areas further to the north, such as Dédougou and Nouna. The local area's outward flows cover the whole of Burkina Faso and extend to other countries.



The local authorities in Bobo and their partners need to be aware that the work they do on the city's future is not restricted to what goes on within the city. Bobo's prosperity depends largely on a regional vision, and crucially on the system connecting the markets of neighbouring towns and villages to the central market in Bobo. Improving the dirt and tarred roads in farm-surplus areas will automatically raise the volume of commercial activity in Bobo and its tax revenues (source: ECOLOC study of Bobo Dioulasso).

2.1.2. COMBINING ANALYSIS OF THE PRESENT WITH LONG-TERM STRATEGIC THINKING

The desired approach should, where possible, include both the long term, to understand the structural changes affecting the local economy over a generation (1960-90 retrospective study, and 2020 vision), and the short term, to assess the reaction of the local economy to crisis or its capacity to seize opportunities that arise, and also in order to throw useful light on what medium-term actions need to be planned.

The studies done so far show that looking decades into the past and future (constructing a vision) is a difficult exercise and not always seen as useful: What is the point of wondering what will happen in 2020, when the information available barely gives us a clear picture of the present situation, and a mayor’s term is only five years? A mayor’s prime concern is to be re-elected; should he or she not think first of day-to-day management?

This would be a mistake. Placing the study of a local economy within a “longer term” is an essential dimension of the ECOLOC approach: assessing the magnitude of change over time, measuring opportunities seized or neglected, is the way to clarify what room there is for manoeuvre, to escape from the constraints and conflicts of interest of the here and now, and give birth to a collective purpose. The table below, showing the population and Gross Local Product of the five cities at the centre of local economies already studied, illustrates this need in simple terms.

	Population ('000)			GLP (FCFA bn)		
	1960	1995	2020	1960	1995	2020
Saint-Louis	31	150	500	13	58	330
Sikasso	14	80	320	3	30	150
Dagana	2 ?	20	50	0 ?	6	35
Richard Toll	2 ?	40	125	0 ?	24	115
San Pedro	0	120	430	0	110	780

A city like Saint-Louis in Senegal, for example, whose population has risen from 31,000 to 150,000 in 30 years has obviously not experienced balanced growth, with every sector and all its facilities expanding fivefold; and its future growth to a population of 500,000 by 2020 (give or take a year or two) will not be balanced either: new administrative and economic functions emerge with greater city size; the city’s internal structure changes, as does that of its hinterland; and the relations between them and with the outside world are radically altered. It is these changes that must be understood if local people are to manage the city’s future and the local economy.

2.1.3. IDENTIFYING THE PILOTS OF THE LOCAL ECONOMY: LOCAL CONTROL AND GLOBALISATION

An ECOLOC study would be of little operational use for economic revival if it did not seek to find out where the centres of decision were that control the various parts of the local economy; what external factors have a major influence on these parts; what local public or private actors can do to maximise the chances for local development in an environment that is increasingly “globalised”.

A useful distinction may be made between two levels in the economy: the **basic level**, comprising all the activities and transactions the population depends on in their everyday life, and the **exposed level** of exchanges with the outside world, which is more immediately sensitive to the macro-economic and political environment.

At present, the vast majority of the rural and urban population lives and works at the basic level of the economy.

But a city can only grow, or a local economy develop and prosper sustainably, if they are both able to integrate themselves into a circuit of trade and markets that extends beyond local self-sufficiency, with gradual specialisation. The city needs to “import”, “export” (or re-export), and actively circulate increasing volumes of goods, services and money. The activities that ensure these urban functions are nearly all at the exposed level of the local economy, whether modern or informal, public or private.

While the basic economy of a city may obviously be called “local”, in the sense that it depends essentially on local decisions and forces, this is less true for the exposed level. The corresponding decision centres are rarely if ever located within the city. They are to be found higher up in the national urban hierarchy, most likely the capital city, or even outside the country. Much of the activity of the exposed level of the capital city’s economy clearly depends on external decision centres and external events, such as variations in interest rates and reserve currencies, world commodity prices, and delocation decisions taken by multinationals. Faced with these external events, the room for manoeuvre of local actors is limited, but not nil, with respect to comparative advantages (improvement of urban services, law and order, lower start-up and operating costs, additional training and welfare services).

2.1.4. THE VARIOUS WAYS OF FINANCING LOCAL DEVELOPMENT AND MANAGING PUBLIC RESOURCES

There is a close relation between the efficiency of urban and rural operators and the quality of the urban (and institutional) environment in which they work. In other words, the economies of scale that come with urban growth only become apparent if public investment for local purposes is adequate, and if these economies are not nullified by bad management of services, poor maintenance of facilities, or other problems, such as delinquency or pollution.

In the ECOLOC Programme cities, local public investment is mainly financed by budgetary transfers from the State or external aid, and only marginally by local taxation on businesses in the city or the rural hinterland. The economic crises of the 1980s and 1990s sharply reduced the transfers, and consequently investment for local purposes was cut back. The ECOLOC studies show that below a certain level these cut-backs amount to disinvestment, which may compromise an economy’s ability to recover competitiveness and growth. Hence the urgent need to examine the politically sensitive issues of mobilising local resources and local taxation. The existing ECOLOC studies show that:

 **Many sectors in the economy are taxed at a low rate or not at all**, because there are no means for assessing this economy, no simple procedure for raising taxes, and no trust in public management on the part of operators. The information provided by ECOLOC studies may be an opportunity to begin the dialogue that is necessary to restore confidence and to target public investment according to the service it provides for operators;

- ✎ **New ideas must be found for land taxation.** It is scandalous that real estate in cities should be taxed so lightly or not at all, and does not contribute to financing the urban services that business people and households so desperately need. Current methods for assessing this property and raising the taxes are so complex that in the end no one pays, except for the very poorest, who are deprived of essential services;
- ✎ **Local public expenditure can be systematically used as an effective way of reviving the local economy.** Simulations show that, in public works, for every franc spent by a local authority, GLP can grow by at least two francs, as long as the import content of the public expenditure is low (as in the case of maintenance and embellishment);
- ✎ **A fair and efficient distribution of responsibilities and duties must be devised between the various levels of administration** in the country, from the city district (or village) up to the State, so that expenditure at each level corresponds closely to potential resources at that level (rather than increasing the amount of transfers, irregularly paid, or cofinancing a single project from a number of budgets, which causes delay and irresponsibility);
- ✎ **It is useful to concede to the private sector, professional organisations or the non-profit sector, as appropriate, the management and operation of as many facilities as possible.** This can be done without penalising users, as long as subcontractors are strictly monitored. This concerns, in particular, all marketable public services (water, power, etc.), including bus stations and markets.

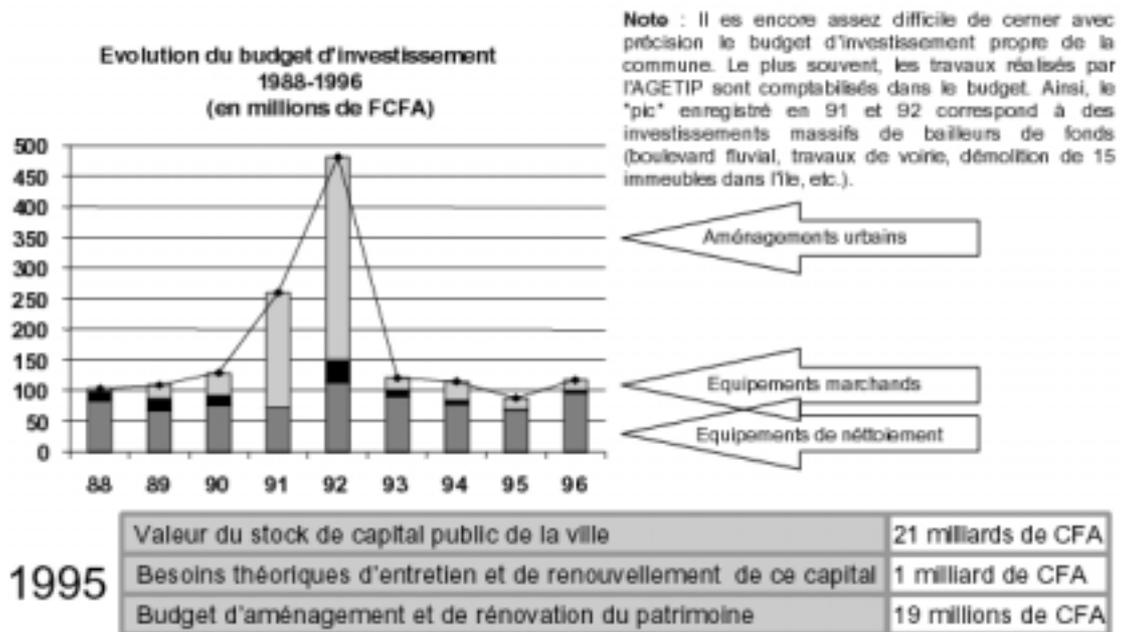
Each community will have to depend increasingly on raising its own resources, and will only be able to call on external resources if it can prove that they will be used effectively, as a complement to local resources. For local authorities, raising more resources locally is only possible if the local economy that pays the taxes is prosperous and proof is provided that the taxes are effectively used.

For that reason, the ECOLOC study must provide not only quantified data relating to taxation and the financing of local development over time, but also indications of how the various stakeholders in local economic life perceive the necessity for and use of local taxation and other public charges. Systematic interviews will address points such as the following:

- ✎ The relationship between the quality of the business environment and the services provided by the local authority, the real costs of these services, and the corresponding mobilisation of local resources;
- ✎ The ratio between total tax revenue and the tax base;
- ✎ The quality of management of public capital stock;
- ✎ Transparency and consultation in decisions to invest and, more generally, in the use of the local authority's resources.

The ECOLOC studies done so far show that the information needed for this sort of study already largely exists, just as there is generally enough local expertise to complete it at a reasonable cost, but neither the information nor the expertise are fully made use of.

Dépenses d'investissement de la ville de Saint-Louis du Sénégal



The prime task of an ECOLOC study is therefore to collate existing information, collect further data, and process it all according to the ECOLOC conceptual framework. The general grid for processing existing and additional information might look like this:

	Long-term retrospective and trends	Current situation	Long-term perspective
Population / land use			
Economy			
Social and institutional change			

Quantifying the local economy, taking account of the spatial dimension, and analysing social and institutional change—the three “strands”, or dimensions, of the study of the “**space-economy-society**” complex in an ECOLOC study—are examined below.

2.2. Quantifying the local economy

Quantifying the local economy is crucial, both because it underlies the other parts of the study and for practical reasons. The methodology is the best established, both for applying the Programme’s “demo-economic” conceptual framework—describing the real economy and the place of demography—and for achieving the desired result cost-effectively.

2.2.1. PREPARING ACCOUNTS: CONSTANT COMPARISON BETWEEN MODELS AND SURVEYS ON THE GROUND

To assess the data and structure of the real economy in the study area (distribution by location and sector; presentation of the various activity complexes), the case studies use a combination of models (demo-economic, spatial) and *ad hoc* surveys on the ground. The models provide theoretical, but comprehensive and consistent, information about local economic reality and its relations with the outside world (not wholly obtainable from local investigation); and the surveys and interviews provide more concrete data, which are necessarily incomplete and neglect certain components of the local economy, in order to fine-tune the models.

2.2.1.1. Local model taken from the national “Social Accounting Matrix”

The first stage consists of constructing an initial model of the demo-economic national accounts to reflect the country’s so-called “real” economy, including components that are not recorded or only partly recorded in the official accounts.

These data are used to construct a national “Social Accounting Matrix”. This SAM comes in tabular form, rather like an input/output table, showing the breakdown of economic activity into sectors and branches, the various economic agents, namely households according to their main activity (farmers, workers in the informal, private modern, and public sectors), enterprises (production and services), public institutions (State, various local authorities), the rest of the country and the outside world. Agents’ accounts are balanced between income and expenditure (including accumulation) on the principle that one person’s income is another’s expenditure.

This first phase is a refinement of the national results of the “demo-economic model” developed by WALTPS. Naturally, for any given country it is done once, to be used in all that country’s ECOLOC studies (but may be updated after a population census).

The national aggregates are then broken down for the various spatial entities of the country (cities, municipalities, cercles and regions) using simple models of spatial allocation.

The local aggregates thus obtained serve as a reference point to calibrate the model of the local real economy, in the form of a demo-economic model, comparable in structure to the national model.

		LES DEPENSES						
Secteurs institutionnels		Secteurs institutionnels	Comptes des branches	Comptes des produits	Comptes des facteurs	Comptes d'accumulation	Comptes extérieurs	TOTAL DES DEPENSES
LES REVENUS	Secteurs institutionnels							
	Comptes des branches							
	Comptes des produits							
	Comptes des facteurs							
	Comptes d'accumulation							
	Comptes extérieurs							
	TOTAL DES REVENUS							

2.2.1.2. “Reconstructing” the model of the local economy from the results of ground surveys and any other usable sources of local data

The SAM and the initial model of the local economy are used to guide the search for further data and define the survey programme. They also form the framework for the extrapolations that need to be made from survey results that are rarely exhaustive. Conversely, the results of the surveys and other local data collected are intended primarily to refine or correct particular parameters in the SAM and local accounts.

The volume of data collected in surveys, interviews and other ground investigations must be kept to the strict minimum needed to describe the local economy properly. This means focusing on less well-recorded topics, with the aim of achieving homogeneity rather than strict accuracy, and as wide a coverage as possible of all components in the local economy, official and unofficial. As a general rule, the most strategic data are those related to:

- ✎ Income, expenditure, transfers and investment by various categories of household;
- ✎ Businesses’ operating accounts (exhaustive analyses in the case of modern enterprises and the public sector, a full inventory of small businesses and the various informal activities and a reconstitution of accounts based on a survey sample);
- ✎ Data on flows into and out of the study area (city and hinterland). For this a fairly intensive study is needed of the places where transactions occur (markets, transport exchanges), the operators (hauliers, wholesalers, bankers) and the origin and destination of the final and intermediate goods traded or consumed;
- ✎ Accounts of local authorities and administrations;
- ✎ Measurement of public and private capital stock and its production.

Measuring exchanges with the outside world (the rest of the country and the world) is necessarily an imprecise exercise, but the need to “balance the books” of the local SAM (between the expenditure and income of the various agents) means that a corrected evaluation of these flows has to be made, and this is not the least significant of the results of an ECOLOC study. Indeed, some of the issues to be raised in the workshops that disseminate the studies’ results to economic operators are: the gradual integration of the local economy into the market, the area’s past and current degree of openness to the rest of the country, to the macro-region and to the world at large, and winning back the hinterland.

The exhaustive measurement of the capital stock of infrastructure and public facilities, who financed it, how it is maintained, and the evaluation of private capital stock (mainly housing), are essential for drawing up the local accounts. They also provide essential information for discussing local management of fixed assets (financing investment, maintenance, and replacement).

2.2.2. THE ACTIVITY COMPLEX AS A WAY OF EVALUATING THE REAL OPERATION OF THE LOCAL ECONOMY

In understanding how a local economy with both urban and rural components works, economic analysis by branch or sector is grossly insufficient: it gives a poor picture of the relations between activities and living environments that form the structure of a local economy.

The concept of the “activity complex” is proposed for measuring the impact of a major local activity (called a driver) on the local economy as a whole: this involves using the local accounts previously established to evaluate the volume of that activity and add to it the volume of activities induced by the driver, upstream (purchase of inputs and other intermediate consumption of goods and services needed for production) and downstream (processing, use of salaries, etc.), and this volume can also be localised, say between urban and rural areas.



The presentation below of the “primary complex” of the local economy of Dagana *département* in Senegal (where Saint-Louis is the economic centre) gives some idea of the usefulness of the concept. The population involved in the operation of this complex is one and a half times the population of crop and livestock farmers, and its total value added is nearly twice that of farming alone, so that any increase in farm value could be said to lead to a greater increase in Gross Local Product, via the induced activities which are more remunerative (FCFA 458k per capita, compared with FCFA 141k).

	Total pop.	Urban pop.	Value added	Per capita
	under study	under study	(FCFA bn)	val.ad.
				(FCFA '000)
Primary sector	171 000	66 000	24.1	141
Upstream activities	5 000	4 300	3.4	674
<i>informal sector</i>	800	200	0.2	
<i>small firms</i>	1 900	300	1.5	
<i>enterprises</i>	1 500	100	1.7	
<i>administration</i>	800	100	0.4	
Downstream manufacturing activities	27 400	3 600	21.4	781
<i>informal sector</i>	9 100	1 900	2	
<i>small firms</i>	3 400	1 300	2.6	
<i>enterprises</i>	14 900	400	16.7	
Upstream and downstream trade	60 900	50 100	17.9	295
<i>informal sector</i>	52 900	42 100	11.7	
<i>small firms</i>	8 000	8 000	6.2	
Total upstream and downstream	93 300	78 300	42.7	458
TOTAL PRIMARY COMPLEX	264 300	144 300	66.8	253
Multiplier	1.5	2.2	2.8	

2.3. Taking account of the spatial dimension

The space occupied by a “local economy”, its natural features (relief, soil, hydrography), artificial features (communication networks, facilities built over time), and its land use are major factors in local economic development. Even within one local economy (hinterland and main city), this space is unequally endowed, and the combination of one place’s features and its location with respect to the local, national and regional environment provides particular opportunities and constraints. These an ECOLOC study must analyse and identify, if it is not merely to produce general conclusions that are hard to use in practice.

“Taking account of the spatial dimension of development” is the expression we have adopted for this aspect of an ECOLOC study, rather than “*aménagement du territoire*” (regional land-use planning), because the latter is too bound up with policies for reducing geographical disparities on a national scale. The expression “taking account of space” is also intended to indicate that the approach does not consist of two separate studies, one on the economy and the other on regional development, but of an analysis of the same phenomena from two different angles. One of the challenges of the ECOLOC approach will be to ensure that all the members of the study team do take account of the spatial dimension.

Furthermore, experience from the first set of ECOLOC studies shows that the most expressive way of presenting many of the results from the analysis grid given above (section 2.1.) is to use sketch maps of the local economy (local economic geography). The spatial aspect should be seen as a bridge between the quantified economic analysis and the processes of ownership and consultation, between the fairly abstract economic data (however clearly presented they may be) and everyday reality.

The ECOLOC Handbook recommends that the issues to be addressed for the spatial dimension should be examined systematically at each of the following levels, using a standard geographical method:

-  **Regional level:** how the study city and its hinterland are located with respect to the region, major agroclimatic boundaries, and the network of cities of similar size or larger; what strengths and weaknesses the city has in competing with other cities in the region for natural resources, market access, transport infrastructure and major public and private services; what functions it can or might use to ensure its own development and that of its hinterland; where the current and potential boundaries of this hinterland lie, and how well administrative boundaries match that potential.
-  **Local level:** the variety of land use in the hinterland, changes in and structure of urban-rural linkages, as determined by the main city and secondary towns in the hinterland, the communication network and local markets; whether the area is properly organised to take full benefit from its position; what priorities there are for developing various parts of the local area, specialisations to be encouraged, what strategy should be adopted; what services the main city provides, or fails to provide, in its role of driving development for its hinterland and the local economy.
-  **Urban level:** internal organisation and spatial developments in the city, their relations with settlement patterns (in-migration), adaptation to the geographical location; how adequate, in location and quality, this organisation and main urban facilities are for the city’s actual and potential functions; guidelines for extension, major axes, siting or resiting of major facilities in the service of the local economy and its functions, as described or recommended by the study as a whole.

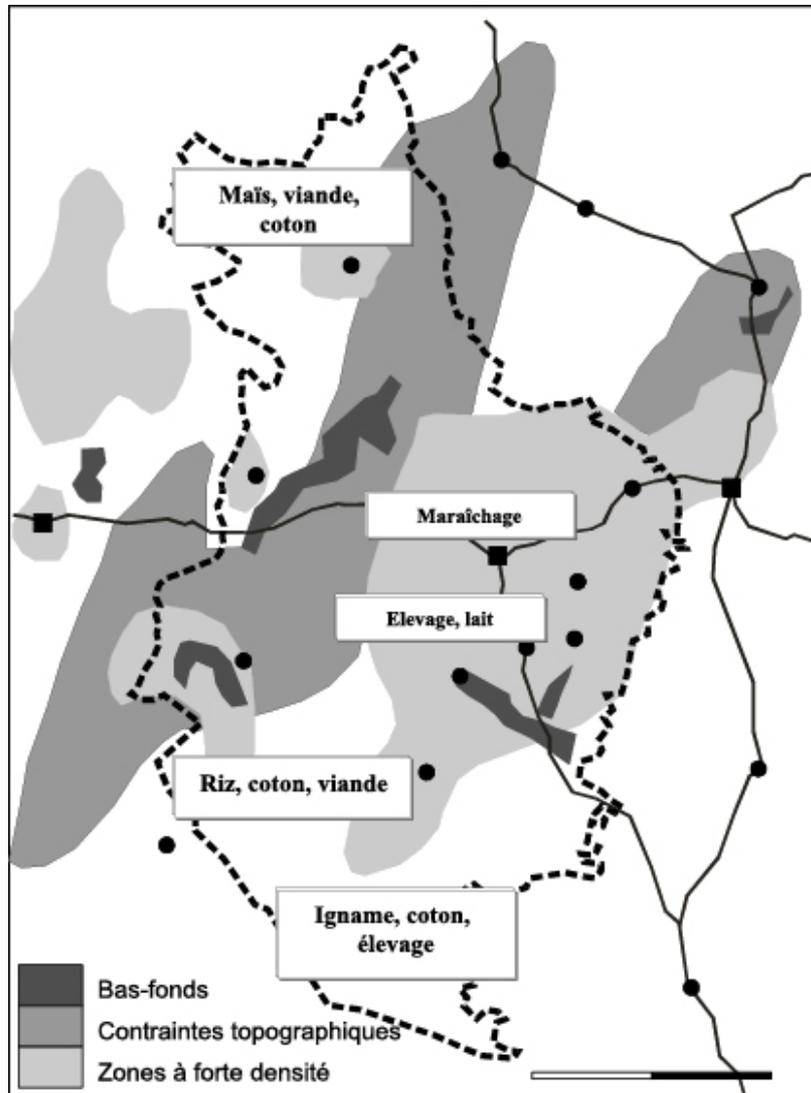
While giving priority to spatial phenomena, or, more precisely, to the spatial dimension of phenomena, the approach must, like human geography, include economic and social data. And like the study as a whole, it must not be just a snapshot: because of the life-cycle of physical capital investment and the inertia of socio-spatial structures (the relations between societies and their geographical area), the spatial dimension aspect needs particularly to provide the study with a long-term vision, both retrospective and prospective.

The expected output from the spatial dimension aspect of the ECOLOC study is not some “land-use plan” for the study area, and even less an “urban development plan” for the main city, in the legal or administrative sense. The ECOLOC spatial dimension strand is intended to identify strategic data for managing the local area at every level, and to contribute to the study’s overall analysis of local development. Where appropriate, it can make specifically spatial recommendations for local development policy.

In the light of the studies already conducted, the promoters of the ECOLOC programme now recommend providing the study team with an initial model of the spatial features of the study area. Just as the demo-economic model is not the required result of the economic approach to the local economy, the spatial model must not be considered as the final expression of the spatial features of the study area. It should be the common starting-point for team members for spatial issues of local development, and be used as a framework for taking account of the spatial dimension in their various areas of competence.

The three levels of spatial analysis described above are illustrated on the following pages using the example of the local economy of Korhogo in Côte d’Ivoire.

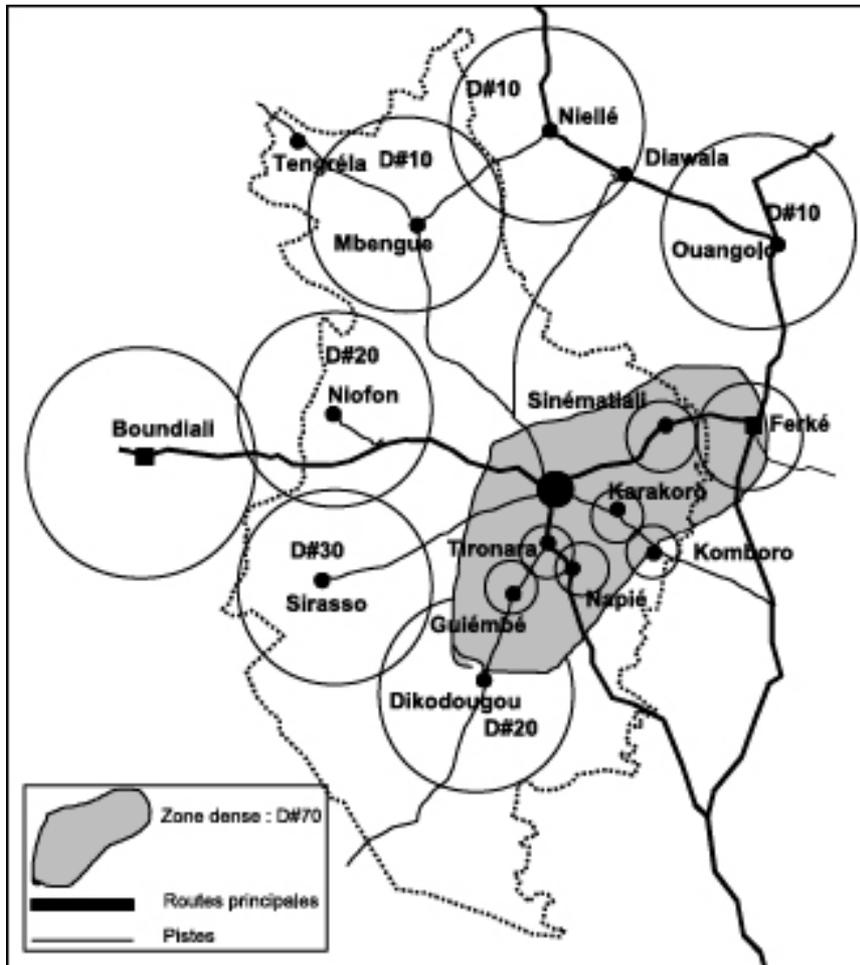
Korhogo Level 2:



use of local rural space

The most difficult aspect of the hinterland's economy to evaluate in spatial terms is agricultural development. The sectoral parts of the study provide information on production and the various agricultural and pastoral activities, value added and intermediate consumption. The planner's objective consists in setting these data in space and in combining the observation of various activities to assess the agricultural, forestry and pastoral activity in terms of land use and farm strategies. With the specialists on the team, he or she then delimits the agricultural, forestry and pastoral areas in the study zone with a homogeneous level of development and makes development proposals for these areas.

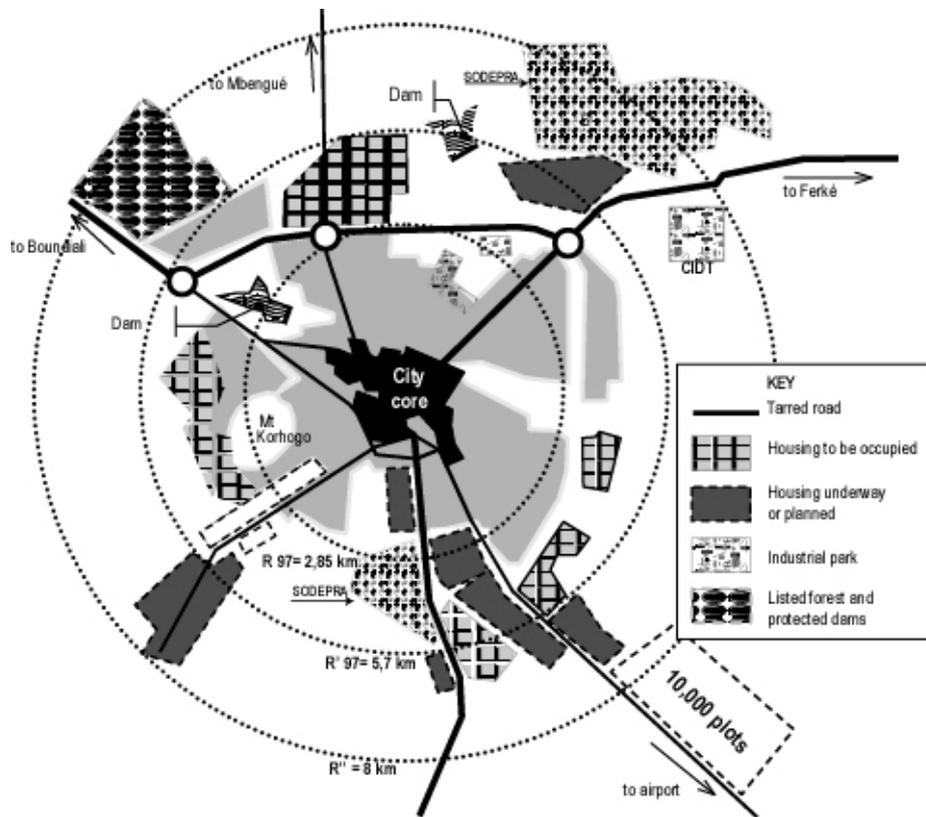
Korhogo Level 2: a strategy for organising local space



The planner gathers the spatialised analyses into an overall analysis of the hinterland's development, ensuring consistency between the farm strategies and the facilities (infrastructure and services) and mobility of labour in the local area.

This diagram captures the general organisation of Korhogo département (and parts of the neighbouring départements). It can be used to assess the quality of the existing organisation and the prospects for its improvement, as well as future needs in the areas in the process of agro-pastoral colonisation.

Korhogo Level 3: the city as it is now



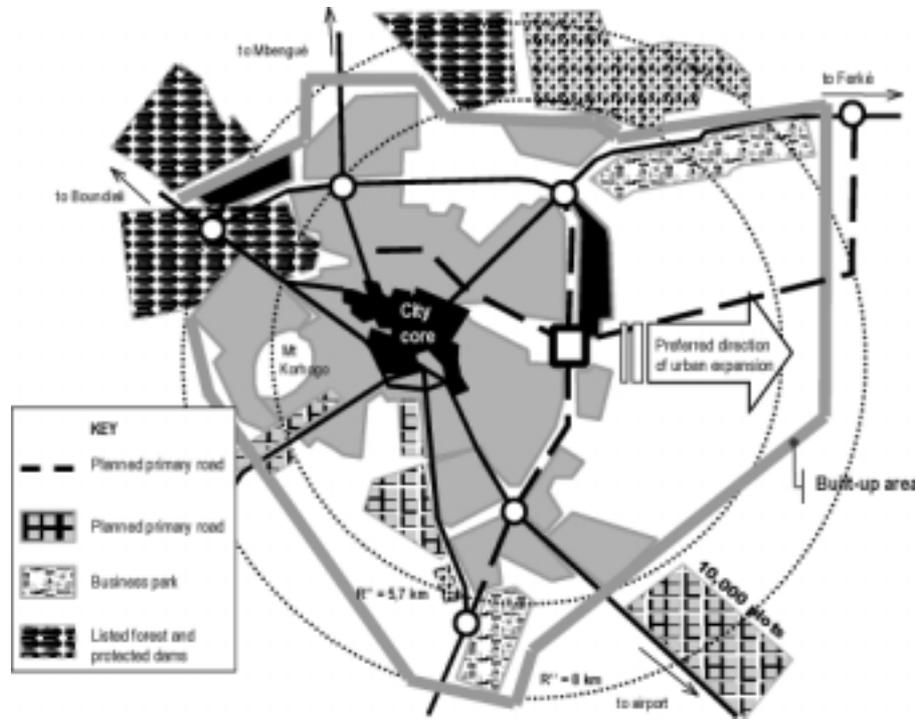
Korhogo's growth

The city's built-up area extends over roughly 2,500 hectares, a twelvefold increase since 1956. Urban area per capita is 167 m². Since population growth is largely fed by the densely populated areas to the east and south, the city is expanding in these two directions, while to the north and west, residential estates from the 1980s remain under-occupied.

Congestion in the city centre

Over time, the gravitational centre of economic activity in Korhogo has remained the central market. The delay in constructing a ring road has exacerbated congestion in the city centre, whose organisation has barely changed since the 1960s. Warehouses are still located in the centre and trucks transit through it.

Korhogo Level 3: prospects for urban development



The main challenge consists of ensuring that the city's development enhances its regional function as a transport node on the route between the Sahel and the coast and as a centre for processing and adding value to the goods produced in its hinterland.

Priority should go to the urban junction between the road to Niakaramandougou and the exit to Ferké

The junction of the new road to Niakaramandougou with the exit to Ferké, using the 100-meter right-of-way, is essential for ensuring the continuity of the national road network through the city and for consolidating Korhogo's role as a major cross-roads.

Promoting the expansion of the city eastwards

The construction of the junction will encourage the extension of the city eastwards to the plateaux, which are easy to develop, and to the rainfall catchment areas, which are already partly occupied. This preferential development to the east will preserve the protected forest on the Boundali road, the area upstream from the dams and the residential zoning of the north-west.

2.4. Analysing social change and the strategies of the actors

Integrating the social dimension of development is the purpose of the third strand of an ECOLOC study. Development is above all a matter of social dynamics. The Handbook does not propose a methodology or any particular instrument for analysing the strategies of the various actors in the local economy. Rather it stresses the relational and interactive nature of its approach. The social strand of the ECOLOC study is expressly connected with the later phases of consultation and implementation of the study: as well as social analysis this means identifying the partners in local development and their respective objectives, bringing them into the process that has started, and preparing for consultation leading to the definition of a local collective project (a Local Development Framework).

Using team members' personal knowledge of local society (at least two members, to avoid bias) and interviews conducted in various socio-professional environments, the social strand of the study aims to illuminate the results of the parallel economic and spatial analyses, and give them some "human depth", or even "historical depth". The social approach compares the economic data with the assessments of people interviewed; identifies past and present reactions to economic and social change, seeks to explain them and identifies the dynamics at work, and any obstacles or resistances to change. On this topic, each case is special, but some lessons can be drawn from the first set of ECOLOC studies:

Usually the **State** has been by far the biggest local investor, supported by the donors. Evaluation of public capital stock, the history of its accumulation and examination of the most recent investment programmes are evidence of this. In some cases, the study area has benefited from explicit investments in a national regional planning policy, where examination of the documents will provide information about the relations between local society and the national authorities. However, in most cases, neither projects nor strategy have been negotiated with the local authorities or with the beneficiary socio-professional categories. The result is often an under-utilisation of the infrastructure, disillusionment among the local authorities and poor communication between the target group and the public authority.

The example of the fishing harbour at Saint-Louis in Senegal is highly instructive in this regard:

Nothing happened until the 1970s and the negotiation of a fishing agreement between Dakar and the Polish government. In exchange for fishing rights in Senegal's territorial waters, the Poles undertook to build a fishing harbour and dig a channel through the Langue de Barbarie peninsula to enable factory ships to reach it. The harbour was completed in 1980 at a cost of some billion and a half FCFA; unfortunately the channel was never dug, because of a dispute between Senegal and Poland over the application of the fishing agreement. The harbour now presents the sorry spectacle of infrastructure that has never been used. The harbour project was later taken up by the OMVS as part of a wider project to make the river navigable all year round to carry phosphates and ore (copper, lead, iron) that could be mined close to the river in Mali, Mauritania and Senegal, all members of the regional organisation. After two studies by the Canadian development agency, the project seems to have been shelved. For the fishermen of Saint-Louis the channel is an absolute priority, since crossing the sand bar causes

dozens of deaths a year and prevents the passage of bigger boats. But they see their dream receding. At the same time, the fishing agreements they attack are regularly extended. The fishermen are now highly reluctant to talk to the national or municipal authorities. Although sea-fishing accounts for annual value added of FCFA 7 billion, the tax revenue from this activity does not exceed a few tens of millions. (Source: ECOLOC Saint-Louis).

Local authorities, especially the council of the main city in the local economy, invest far too little to meet the challenges of local development. The resources and expenditure of urban municipalities are at best around 1% of GLP (total value added from urban activities), compared with 10% in Europe.

The make-up of the city council and the personality of the mayor provide useful information about local society, how it is represented, how independent it is, and what its objectives are; and the management of local resources reveals how aware people are of the role of the city and public expenditure in the process of local development.

Private operators are not sufficiently involved in defining and applying local development policy. Although economic and political life is often dominated by a small number of well-known figures, most of the social and occupational groups are organised and would be capable of making their voice heard. Trade-union and guild membership has a long tradition and often involves the informal sector (fishing community in Saint-Louis, all hauliers, business women), although this sector is not always represented in guild chambers. Rural communities are covered by well-structured organisations.

Despite this degree of organisation in civil society, at least on the surface, a number of “failures”—unfinished or underused facilities, unmaintained assets—identified by ECOLOC studies can be explained by insufficient involvement of local operators in the selection and management of these projects. Projects decided elsewhere are often poorly suited to the local context, and are given low priority; if “ownership” is not forthcoming, it is sometimes because they are impossible to “own”. Of course, these projects do have some local impact, but this is marginal compared with the resources allocated.

There is a notable absence of dialogue between elected officials, civil society and the State, for lack of a solid base of information and appropriate structures for dialogue.

Other factors are insufficient integration in the local economy; the inadequate involvement of local operators in activities upstream and downstream from the main engines of the local economy (cotton and potatoes in Sikasso, transport in Saint-Louis, public works in every city studied) emerges from the very nature of a guild-based dialogue. There is no discussion between self-employed craft workers and fisher folk, or between entrepreneurs and local authorities. Rather each guild has developed the habit of taking its complaints to the central authorities (and even, increasingly, to regional forums), and has the resources to do so.

The inadequacy of socio-economic dialogue is directly related to the import content of local infrastructure and the small proportion of local operators involved in trading local products. This tendency to seek solutions elsewhere also reveals the weakness of decentralised administration: there is no incentive to negotiate with a partner seen as lacking real power, financial resources and the capacity to place orders.

The first set of ECOLOC studies has demonstrated that this phase of the study, however tricky it may be politically and how modest its results so far, is of major importance in increasing the value of the study results and in putting the ECOLOC approach into practice. That fact alone justifies devoting more energy and skills to it in the future.

III. General organisation of an ECOLOC study

3.1. Decision to launch an ECOLOC study

The ECOLOC method was designed for second-rank cities in the national urban hierarchy, either by population (between 100,000 and 300,000) or their function as regional capitals. The territory covered by an ECOLOC study comprises the central city and its nearby area of influence (a radius of around 100 km), which may include one or more administrative units (*département, cercle*) in order to make use of available data. National capitals could only be included in the ECOLOC programme if methodological changes were made and considerably greater resources allocated. Using a simplified methodology, mid-sized cities of roughly 50,000 population can be included in the programme, if they are well placed to act as the main cities of districts or small regions (e.g. Kaya in Burkina Faso). Small towns (roughly 20,000 population) located in the hinterland of a city in the ECOLOC programme may be investigated in less detail during the main study so as to produce indicators (economic profiles) for them (see initial results for Dagana et Richard-Toll in the hinterland of Saint-Louis, Senegal).

The main criterion for choosing a study site is a genuine interest in the ECOLOC process shown by the mayor of the main city or the local authority or several well-known decision-makers. Carrying out a study completely independently of the local socio-political community is an error to be avoided. This means that a study must not be started during a pre-electoral period or while municipal authority is not being exercised. The interest shown must take the form of practical participation in the cost of the study, in material if not financial terms.

Other criteria for choice include:

 **A large quantity of high-quality, directly usable data:** the city has been covered by one or more monographs in the past. It has the results of censuses or population surveys, household budget-consumption surveys, surveys of employment and business, evaluations of urban projects. Experience shows that this is almost always the case. The information required to construct indicators of the local economy often largely exists in unprocessed form, but only a small part is made use of. The ECOLOC exercise adds an impetus and a purpose to the process of local information collection. It can help enhance the status and functions of local statistical and planning services.

 **A good opportunity arises:** perhaps a recent, current or planned urban or regional project that may have a major impact on the city and hinterland. The project can be a source of useful information, its budget can be mobilised to finance the study, and the project donor may wish to use ECOLOC instruments to analyse the impact of the project on the local environment.

3.2. Framework document

Drafting the framework document is an essential phase of the study. It defines the terms of reference for the study and the membership of the team, but must also justify them by a preliminary analysis of the local economy in question, its strengths and weaknesses of all sorts. This document will provide both a framework for the contribution of various team members to the final report and the structure of that report.

The framework document, produced by the study facilitator after a brief stay, is based on the facilitator's local knowledge, the use of existing documents and studies, and a commentary the facilitator receives or produces on the economic and spatial **models**.

Under the ECOLOC approach, this preliminary analysis, the study's first output, should present a coherent set of information about the local **population-space-economy-society** complex (see 2.1.1.) and its relationship with the rest of the country and the outside world. It should identify the themes that will be priorities for the consultants and experts to investigate in the study. It should end with suggestions for the membership of the study team, a division of tasks and a schedule.

The main sections of the preliminary analysis might be as follows:

Present and past state of the “local complex”

- Origin, magnitude and regularity of local socio-economic realities, urban and rural;
- Population change, magnitude, origin and destination of migration;
- Changes in the economic activities of the central city and its hinterland;
- Changes in land use and planning;
- Past and present social changes;
- Governance (political, administrative, social and economic organisation).

Long-term prospects

- Analysis of the potential and constraints for local development, the future economy and the boundaries to be set to the study area;
- Population and economic prospects in relation to national and regional prospects.

Existing knowledge

- Available literature: Are there any surveys of the city and region, or major sources of information? This information should obviously focus on economic, financial and social matters, and deal with the main institutions in the city (households, enterprises, decentralised and local administration) and its hinterland.
- Identification of activities, modern sector enterprises, operators, who's who.
- Inventory and maps of urban and peri-urban public facilities and services (markets, bus stations, business areas, transport networks).
- Traffic censuses, data on markets and banks.
- Population and economic data on the hinterland (land use, farming systems, products and destination of products, inputs used and origin).

Questions

- What are the relevant major themes the study should focus on?
- Where should research be directed to address these themes? And so on.

3.3. ECOLOC team

The ECOLOC handbook is not intended to give standard terms of reference applicable to all ECOLOC studies. The sections below provide a framework that the promoters of a study may use to produce terms of reference suited to the specific nature of the area to be studied.

The following points should be stressed:

 **The consultant time given below is only an average** based on the experience of completed ECOLOC studies;

 **It is desirable (necessary) that some team members live in the area studied or have family or business relations there.** This local attachment makes the team more effective in seeking information, holding surveys and interviews, and relating with the local authorities. It is also of value in preparing the post-study phase of dissemination and debate.

 **An ECOLOC study is based on inter-disciplinarity** and the adoption of the ECOLOC method, particularly the combination of models and surveys (and analysis of existing studies) and iteration. One way of encouraging cross-fertilisation between team members' work is to include an overall vision of the method in each member's terms of reference. Systematic reference to the framework document (see 3.2) and regular monthly meetings (see 3.3) are also essential here.

The study uses a team of six to a dozen experts under a *project leader* who work mainly on site, in close liaison with local actors, plus an external *facilitator*.

3.3.1. FACILITATOR

The facilitator occupies an intermediate position between the promoters of the ECOLOC study and the team of experts. He or she is well acquainted with the country, the study area and the practical aspects of the ECOLOC methodology. The facilitator will usually be selected to write the framework document. To that end he or she should:

1. Establish initial contact with the State authorities (officials in the territorial administration), local authorities (mayor) and any external partners, so as to inform them of the objectives and procedures of the ECOLOC study, maximise the chances of these decision-makers being involved, and note their initial remarks and suggestions;
2. Sketch out a preliminary description of the city and its area of influence, identify its main characteristics and major issues and propose the boundaries for the study area, and select the issues to be examined in detail by the consultants;
3. Identify the main sources of information (bibliography, resource persons, institutions, enterprises, banks, public services both central and decentralised, etc.), and take steps to facilitate consultants' access to them;
4. Choose the team of consultants to be entrusted with the study, propose a project leader, and introduce the consultants to their local contacts;

Once the decision to launch the study is taken, the facilitator will:

5. Produce detailed terms of reference together with the consultants (topics to be covered, research guidelines, methods, resources) and draft contracts for the execution of the study;

6. Establish the work schedule, with the agreement of the local authorities. This schedule should include general study meetings of the whole team, if possible one half-day each month;
7. Ensure that team members comply with the principles and stages in the ECOLOC methodology.

During the study, the facilitator will

8. Support the project leader and attend two or three team summary meetings to keep the focus on the ECOLOC approach and the study issues;
9. Read and comment on the thematic reports, support the project leader in writing the final general report and preparing the profile of the local economy.

The working time and missions (or work on the ground) involved for the facilitator may be estimated as follows:

Task number	Time	Missions
1 - 6	20 days	<ul style="list-style-type: none"> • initial 10-day mission; • 5-day mission to finalise terms of reference and launch study
7, 8, 9	30 days	<ul style="list-style-type: none"> • three 5-day missions, one 10-day mission
Total	50 days	

3.3.2. PROJECT LEADER

The *project leader* is in charge of *steering the study and general report work together with the facilitator*, and will be present throughout the study period, a total of some six months. The project leader should be well acquainted with the local context and have the authority and experience to lead the team. He or she will:

-  Ensure liaison between various actors and the local authorities, and between the study team and the facilitator;
-  Ensure that the studies carried out and issues examined remain close to the concerns of decision-makers (central administration, local authorities), and that the results of the study are presented in a form that can be used by them. The project leader should in particular consult other team members and the potential users of the study about the content, format and instructions for use of the local economy profile;
-  Steer and co-ordinate the various parts of the study listed below, ensure that the conceptual framework, terms of reference and schedule are adhered to, and evaluate the work of the individual consultants;
-  Prepare and hold monthly general study meetings;
-  Write a new updated version of the general report after each meeting;
-  Write a status report on work progress, difficulties arising, solutions proposed, etc. after each meeting;
-  Circulate the meeting reports (general, status) to the promoter of the study, donors and team members;
-  Co-ordinate the production of the various thematic reports;
-  With support from the facilitator, produce the final general report and summary;
-  Define, together with the statistician-economist, the content of the profile of the local economy.

The project leader may be a member of the “core team”. The project leader may also be in charge of one of the thematic studies, depending on his or her background (see below “thematic consultants”).

3.3.3. “CORE TEAM”: ECONOMIST-STATISTICIAN, GEOGRAPHER-PLANNER AND SOCIOLOGIST

Apart from the project leader, the team has a “core” of specialists with cross-cutting tasks; each must use the information and analyses provided by the “thematic” consultants and direct their work by making appropriate comments or even giving direct support (as in the case of the economist-statistician, who is responsible for organising all surveys on whatever topic). The core team consists of three people:

 **An economist-statistician**, responsible for producing the local economic accounts in direct on-going co-operation with all team members. This work is estimated to require 5 months and is essential for the coherence of the whole team’s work. He or she will:

- manage the statistical data relating to the local economy;
- study the economics of households and the informal sector;
- provide technical management for short surveys held for various parts of the study;
- produce local accounts;
- produce an outline Social Accounting Matrix (SAM) of the local economy;
- use the SAM for retrospective and prospective analysis;
- co-ordinate the study with regional and national statistical services.

 **A geographer-planner** responsible for providing a spatial representation of the issues involved in the local economy in direct co-operation with other team members. This specialist’s work is estimated to require 2.5 months. It comprises three stages:

- 15 days’ preliminary work: producing the spatial model (draft levels of analysis described in section 2.3) from available maps;
- a total of one month between Months 1 and 4: analysis of the framework document, advice to the project leader and thematic consultants on the collection of spatial data, attendance at meetings, preliminary validation of initial model;
- one month between Months 5 and 6 to produce the spatial strand of the final general report (finalise model and propose patterns for spatial development; help prepare maps for dissemination phase).

 **A sociologist specialising in the sociology of organisations and action**, responsible for the sociological and political analysis of the issues in the local economy in close co-operation with all the team members. It is especially desirable that this expert be perfectly acquainted with local circumstances. This work is estimated to require 2.5 months. It has three stages:

- a total of one month between Months 1 and 4: analysis of the framework document, advice to the project leader and thematic consultants on the collection of social and political data, attendance at meetings of the team and the ECOLOC Committee, etc.;
- one month between Months 5 and 6 to analyse “social capital” and the operation of local institutions (origin and “operation” of conflicts, identification of the social issues, and analysis of their representation in municipal decision-making bodies, etc.); to produce the socio-political strand of the final report; and also to prepare for the dissemination phase;
- 15 days to identify the risks of conflict and opportunities for convergence in order to build local coalitions; also in preparation for the dissemination phase.

3.3.4. THEMATIC CONSULTANTS

The number and specialities of these consultants will vary according to the study zone and existing knowledge about the local economy; the themes to be examined are identified in the framework document and terms of reference prepared with the facilitator, according to the specific competencies of the consultants. These themes might cover the following aspects of development (one consultant may address more than one):

- ☞ Settlement patterns, land use and regional planning
- ☞ Primary complex, crop and livestock farming, and fishing
- ☞ Enterprises in the non-farm modern sector
- ☞ Informal sector
- ☞ Patterns of relations between towns and rural area
- ☞ Management of the main city and urban areas
- ☞ Management of rural communities
- ☞ Evaluation of public capital stock.

Each theme is to be addressed quantitatively together with the person responsible for local economic accounts, geographically with the team geographer, and socio-politically with the sociologist (see above). Work on these topics is concentrated in the first five months of the study. The table below presents a typical estimate of the thematic consultant time required for a city of population 100,000 to 300,000 and its hinterland.

Settlement patterns, land use and regional planning	1.5 months
Primary complex, crop and livestock farming, and rural development	1.5 months
Enterprises in the non-farm modern sector	1.0 month
Informal sector	2.0 months
Patterns of relations between towns and rural area	1.5 month
Management of the main city and urban areas	1.5 months
Management of rural communities	1.0 month
Evaluation of public capital stock	1.5 months
Total	11.5 staff-months

3.3.5. STUDY MONITORED BY AN AD HOC LOCAL COMMITTEE

The importance for the ECOLOC Programme of close involvement of local policymakers and operators in the approach must be illustrated as early as the study phase. Only permanent dialogue between representatives of local society and the study team can ensure that the team benefits from their irreplaceable knowledge of local reality and is able to describe how they, as people directly involved, perceive local development. Conversely, dialogue at this early stage can be a way of convincing local personalities of the quality of the work done and the accuracy of the description of the local economy that the study will produce.

This means that the study should be *monitored by an ad hoc committee*, led by the mayor of the central city or some other local (or regional) official fully committed to the ECOLOC approach, and gradually enlarged as the study progresses. This ECOLOC Committee is an integral part of the study instrument: at the dissemination stage it will present the ECOLOC study results to a wider audience of economic operators and other actors in the local economy.

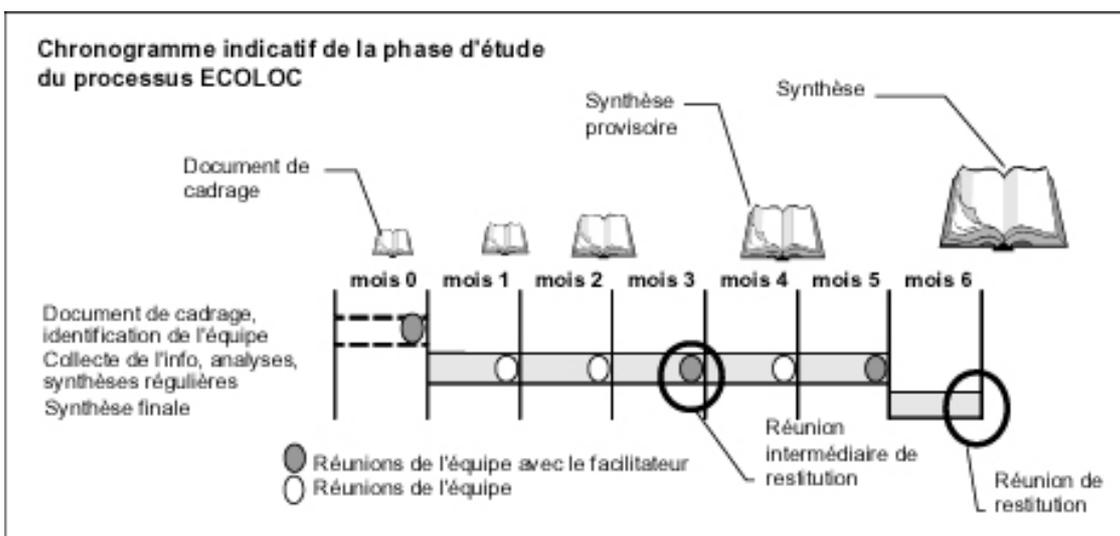
During the study, the Committee will meet three or four times, with an initial membership restricted to the mayor, one or two senior councillors and an equal number of major local operators, extended to a dozen or so people by the final meeting, when the final report is to be validated and the dissemination stage prepared.

3.4. Working method and schedule

The main feature of the working method is its iterative nature, whereby the study's general report, and especially the summary of that report, are regularly constructed and reconstructed on the basis of the framework document produced by the facilitator.

The main pitfall to be avoided is letting the thematic investigations drift away from one another. Under the ECOLOC method, the general study report is not a final exercise using completed sectoral documents, but rather an ongoing process that is enriched by the sectoral studies as they advance. This approach optimises teamwork and the gradual construction of a coherent analysis. It is also a necessary condition if the study is to be completed in the reasonable time-frame of six months.

The project leader is responsible for applying this approach by enforcing a schedule of regular meetings, preferably every month, during which the leader refocuses members' work, where necessary, on the specifications of the methodology.



The schedule may be summarised as follows:

- 🗨️ One or two days to launch the study with the full team, project leader and facilitator, in the presence of the mayor of the main city or an alternative local official;
- 🗨️ End of Month 1:
 - meeting of team and project leader;
- 🗨️ End of Month 2:
 - ditto;
- 🗨️ End of Month 3:
 - meeting of team, project leader, and facilitator;
 - interim dissemination meeting with monitoring committee
- 🗨️ End of Month 4:
 - meeting of team and project leader;
- 🗨️ End of Month 5:
 - meeting of team, project leader and facilitator to produce the first draft of the general report;

- ✎ End of Month 6:
- preparation of dissemination with monitoring committee. Month 6 is mainly devoted to producing the provisional general report and summary, and, in the case of the project leader and the economist, to preparing the local economy indicators with the support of the facilitator.

The monthly meetings are convened and chaired by the project leader. They may take the following form:

- ✎ Project leader recapitulates the previous state of progress towards the general report (on the initial basis of the framework document);
- ✎ Each team member specifies which parts of the general report need to be complemented, detailed or modified in the light of the progress made in their own thematic analysis;
- ✎ Progress report on the construction of local economic accounts by the consultant in charge of this study;
- ✎ Other team members report on the results of the surveys and interviews for which they are responsible;
- ✎ Discussion of any problems of consistency between the summary report and the local economic accounts; each person's work schedule specified for the following month; if necessary, addition of a thematic study not initially planned and manner of execution, with the agreement of the facilitator.

Furthermore, the consultants should follow some simple principles intended to strengthen the interdisciplinary nature of the study, and specifically:

- ✎ **Co-ordination of the work of the various consultants.** Each consultant should read the framework document and the terms of reference of all the other consultants, and, if necessary, ask the project leader to alter them, so as to enhance complementarity and avoid duplication.
- ✎ **Access to and transmission of quantified data.** Each part of the study will both use and generate information and statistics in related fields. It is the statistician-economist's task to be the contact for all consultants to provide access to statistics they do not have at their level and to transmit the quantified results of their work.
- ✎ **Short surveys.** Short surveys are decided and their aims defined by the project leader after seeking the opinion of the facilitator. The statistician-economist is in charge of the technical management and processing of these surveys.

3.5. Material produced

The outputs expected from a typical case study are the following:

- ✎ Sectoral reports produced by the thematic consultants³

3. The precise list of themes to be studied will vary from one site to another according to local features; it will also vary according to the "size" of the study area. In the case of a "small town", more than one theme may be addressed in one report from a single consultant.

- ✎ General report (100-150 pages) produced by the project leader as the study advances, with support from the facilitator for the final version. The general report comprises a set of annotated maps;
- ✎ A 20-page summary that concludes the iterative process begun with the initial framework document;
- ✎ A set of annotated transparencies for oral presentation of the study;
- ✎ A series of tables for producing the “Profile of the local economy”; the profile is to be produced by the statistician-economist, with support from the facilitator.

Examples of summary tables required for producing the Profile of the local economy: ECOLOC study of Saint-Louis in Senegal

Population 1960-2020

	Population '000			Average pop growth/year	
	1960	1995	2020	1960-1995	1995-2020
Saint-Louis	37	152	471	4.1%	4.6%
Richard Toll	2	40	125	8.9%	4.7%
Dagana	2	20	51	6.8%	3.8%
Other	2	8	77	4.0%	9.5%
Urban sub-total (pop > 5,000)	37	212	724	5.1%	5.0%
Rural areas	56	132	171	2.5%	1.0%
Département total	93	344	895	3.8%	3.9%
Saint-Louis region	320	740	1350	2.4%	2.4%

Gross Local Product in 1995 (FCFA billions)

	Saint- Louis	R.Toll Dagana	Rural areas	Total	%
Primary sector	9.4	2.8	12.0	24.1	22.6%
crops	0.4	2.7	9.1	12.2	11.4%
livestock	0.1	0.1	2.4	2.6	2.4%
forestry	0.0	0.0	0.2	0.2	0.2%
fisheries	8.8	0.0	0.3	9.1	8.6%
Informal sector	16.7	5.1	2.5	24.4	22.8%
Modern sector	25.3	20.0	2.4	47.8	44.7%
small firms	13.9	1.8	1.3	17.0	15.9%
enterprises	2.8	17.1	0.5	20.4	19.1%
administration and public services	8.6	1.2	0.6	10.4	9.7%
Imputed rent	7.0	2.2	1.3	10.5	9.8%
Total	58	30	18	107	
%	54.7%	28.2%	17.1%		

IV. Continuing the ECOLOC approach

As was pointed out in section I.2., the study of the local economy is not an end in itself. It is only part of a wider ECOLOC approach, involving local public and private actors:

- ✎ *Examination* of the state of the local economy and its components, of wealth produced locally and its use for local development;
- ✎ The *prospects* for local development and *analysis* of promising economic activities, advantages to put to use and obstacles to overcome, and actions to support the growth of economic activity and allow the community to develop its potential.
- ✎ *Defining* and implementing a policy for local development;

An ECOLOC study is thus a tool that, through the process of ownership and consultation, can be used to *inform a “local development policy”*. This policy, which could also be called a “Local Development Framework”, should make it possible ultimately to:

- ✎ *Define coherent action programmes*;
- ✎ *Mobilise the local and external financial resources, as well as the human resources, needed to implement these programmes.*

4.1. Ownership and consultation

Experience has shown, however, that even the best studies have little or no hope of influencing future policies and programmes if the “beneficiaries” have not made the results their own. Furthermore, merely presenting results is not enough to get actors to make a study their own, even if that presentation is very well done.

It takes time, and the actors must be included in the approach as early as possible.

Policy decisions are not based on technical considerations alone. Non-economic factors also influence the mobilisation and use of resources. Certain choices are not in the experts’ domain, unless one decides to take all responsibility away from locally elected officials and deny the local society’s capacity for self-determination. The purpose of studies is to provide information, propose analyses and, whenever possible, recommend actions. The choice of development policies and infrastructure options clearly belongs to local partners, who make their decisions after a process of ownership and consultation.

Our experience in this area, which corresponds to phase II in the ECOLOC approach, is still very limited.

Consequently, what is given here is not a “method” but the preliminary lessons we have drawn, to be complemented later by further experience to produce a typical procedure for ownership and consultation. The recommendations that follow are based on this limited experience.

4.1.1. INVOLVING LOCAL ACTORS RIGHT FROM THE STUDY PHASE

As indicated in section 3.1., the choice of a study site depends first of all on the willingness of the mayor of the main city to participate. The mayor (or an elected official authorised to represent both the city and surrounding areas) should be involved from the outset, even before the study is actually begun, in order to present it to municipal employees, State employees working in the area and organisations representing the private sector, as an action for which the mayor is taking the initiative. The mayor should participate personally in ECOLOC committee meetings, and should be given the time to become familiar with the objectives and implications of the ECOLOC procedure, within a framework devoid of all political competition. In short, the mayor should make the project his or her own before bringing in staff members and other local officials.

In the best of all possible worlds, the ECOLOC approach could contribute to the definition of municipal candidates' programmes and the electoral debate. However, the timing may not be right, the partners may not yet be ready for such a development, and economic problems are not the only issues in a municipal election. Yet these problems are not likely to go away, and the dissemination of information will inevitably increase their importance.

The involvement of a small group of “decision-makers” has not been systematically stressed in all the ECOLOC studies performed thus far. But experience shows that it is essential, which is why it is mentioned in the section on the organisation of the study (3.3.5).

The participation of these decision-makers can be given a formal framework from the outset by creating an “**ECOLOG Committee**” composed of the mayor of the main city and a number of assistants, elected officials from outlying areas and representatives of local economic operators. The ECOLOC Committee in Bobo Dioulasso defined its functions as follows:

The ECOLOC Committee is composed of 15 well-known figures who represent the city and its districts and the most important municipal and decentralised State services, as well as social and professional fields and associations representing civil society. The Mayor of the main city chairs the committee; meetings are convened at his initiative, approximately once a month. The chair of the Committee is included as a full partner in the economic study of the city. In particular, he or she is responsible for making the main municipal representatives aware of the conditions required to revitalise the zone and its economic development prospects. When the team of consultants has completed the study, the Committee is expected to submit to the municipal authorities a report including the main results obtained, and recommendations that will spark a wide debate on the priorities of a “city project” and the contribution (particularly the financial contribution) of the various sectors of the population to this community plan. (Source: Bobo Dioulasso ECOLOC Committee report, September 1999.)

Although it began late, the experiment in Bobo Dioulasso has been a success. The ECOLOC Committee has met regularly, and its efforts have culminated in what is in fact intermediate dissemination of the study. It is interesting to note that certain representatives of economic operators have attended meetings assiduously and there have been lively debates, particularly on the place for local companies in public contracts awarded by the municipality.

The Bobo Dioulasso ECOLOC Committee has avoided the trap whereby “greater participation” contradicts the *principle of democratic representation*. “Committees” of elected officials should not be set up before those officials have had the chance to acquire a clear idea of the issues: the creation of a committee to monitor the ECOLOC study (and greater participation in general) should be a *careful decision* on the part of the elected official responsible, and not the simple acceptance of a requirement formulated by a donor or other group, that is not backed up with the intention to become truly involved.

4.1.2. DISSEMINATION

A number of ECOLOC studies have been disseminated. The following conclusions may be drawn:

- ✎ Dissemination is, first of all, an operation in which information is made available. It “flows” from those who have carried out the study to those who are learning about it. Public and private actors support this operation because they see it as an opportunity to back up what they already know intuitively with figures and precise information.
- ✎ The quality of dissemination depends primarily on the study team’s ability to produce educational documents. Maps such as those presented in section 2.3 of this document are an effective means of communication. An illustrated summary of approximately twenty pages is also effective. There are undoubtedly many possible and necessary innovations to be made in this area.
- ✎ To our knowledge, radio has not yet been used as a tool to circulate information from ECOLOC reports. Yet a number of mid-sized cities have local radio stations.
- ✎ How well the study is disseminated also depends on the mayor’s or the ECOLOC Committee’s ability to indicate in clear terms a restricted number of themes that are important to the local economy. The mayor of Sikasso has defined three questions to be answered when the study is disseminated:
 - What is the study’s analysis of the economy of Sikasso?
 - How can Sikasso raise its own funding to spend on transforming itself?
 - Where does the city of Sikasso stand within the framework of sub-regional competition?
- ✎ Several meetings are required to properly disseminate the results of the study, both to develop dialogue and to reach various audiences. In Sikasso the process was designed as follows:
 - As a first stage, two dissemination days were held: one mainly for public and private officials in the city of Sikasso, and the other focusing on local issues in Mali, attended by elected officials and operators from the towns and villages in the surrounding area.
 - “Wider” dissemination has now been planned: national and local authorities from neighbouring parts of Côte d’Ivoire and Burkina Faso (Korhogo and Bobo Dioulasso) will be present. This new phase of dissemination is based on the efforts of three groups that have studied the problem and made recommendations (see below).
- ✎ Information is a highly prized commodity for local decision-makers in both the public and private sectors. The former are usually surprised by the figures that describe the local economy. The latter find useful arguments for instigating or continuing dialogue with public officials. In many cases information from ECOLOC studies is reported in the press.

Experiments now underway, particularly in Côte d’Ivoire with the support of the NGOs **ENDA-Tiers-Monde** and **INADES-Formation**, and consultation developed within the framework of other programmes (in particular the *Programme de Gestion Urbaine*, an urban management programme) are

expected to add to this initial information, particularly as regards the design of communication and information tools.

Highly encouraging initial dissemination of the ECOLOC study of Bobo Dioulasso

Some 80 people (120 for the opening and closing ceremonies) gathered for the release of the report. Meetings were chaired by the Mayor of Bobo. Parliamentarians from the Bobo zone, the high commissioner and all the regional directors of decentralised State services were also present throughout the debates, as were representatives of economic operators such as the road hauliers' union and the building and construction trades union, along with representatives of the self-employed, businesswomen, youth associations, NGOs, etc. These representatives of civil society spoke up, sometimes vehemently, on subjects concerning them. The dissemination of the study was organised around seven themes: 1) Bobo and the surrounding region, 2) its economy, 3) living and working in Bobo Dioulasso, 4) Bobo Dioulasso as the principal economic magnet in the area, 5) urban economic activities: paradoxes and promises, 6) cross-cutting sectors requiring attention (transportation, building and construction, public contracts, local water policy), 7) social actors, economic operators and municipal action. The following points were made during the discussions:

- ✦ **The people of Bobo Dioulasso are generally pessimistic about their city.** (They are nostalgic for the golden past of this former economic capital.) Yet the study encourages them to be less pessimistic, for it reminds them that the economic growth of the city over the last 20 years has been greater than the average for Burkina as a whole, even though this growth does not reflect the city's true potential.
- ✦ **Local actors are well aware of the interdependence between the city and its local and regional environment:** need to build a bigger market and improve the network of dirt and tarred roads that lead to Bobo (it was suggested that this network be integrated into the next municipal development plan); awareness of competition from Bouaké as a wholesale market; one member of parliament asked that likely lower tariffs in the UEMOA zone be taken into consideration in evaluating the future of Bobo (it is true, for example, that motorbikes manufactured in Bobo cost twice as much as those made in coastal countries, including coastal countries in the franc zone); an operator wanted to know how the city could help build infrastructure to export meat to Côte d'Ivoire, as exporting livestock on the hoof is less and less profitable.
- ✦ **What good is decentralisation if we do not make more money on the local market?** The representative of the self-employed asked that public contracts be split into smaller work-packages to make them accessible to the self-employed. He also brought up the well-known problem of access to bank loans (could local authorities set up a system to guarantee loans?). The representative of building and construction companies explained that, despite decentralisation, contracts are awarded in Ouagadougou. In addition, he wondered why 16 of the 23 contracts awarded by the municipality went to the same company. Yet investigations carried out as part of the study showed that this situation is also often caused by local companies' lack of capacity and consequent ineligibility for public contracts.

✦ *The important parts of the economy of Bobo are the modern and the informal sectors, on which government authorities should focus their attention. One participant pointed out that much of the wealth created by the modern sector in the city of Bobo “escapes from the city”. On the other hand, actors in the popular economy and in small companies work and live in Bobo. The city should invest to improve their living and working conditions and encourage their development capacity.*

The mayor concluded the meeting with the following points:

- ✦ *Analysis of the study has only just begun; the study must be re-examined, and its results more widely circulated and thoroughly debated.*
- ✦ *Initial analysis of this first dissemination points to a number of tasks for the city: 1) consider the city’s role as a cross-roads when planning urban development (improve transportation infrastructure); 2) equip the city to meet the needs of the informal sector; 3) include in the municipal strategy measures to encourage the development of small businesses and industries, 4) increase municipal resources.*
- ✦ *The mayor plans to organise a wider and more “political” dissemination of the study to which he plans to invite his colleagues from Sikasso and Korhogo. The mayor is particularly interested in having these three cities examine together their role in West Africa. (Source: report on a mission by the Club du Sahel Secretariat)*

4.1.3. CONSULTATION TO DEFINE A LOCAL DEVELOPMENT FRAMEWORK

“Civil society” is a term that encompasses very different and even opposing categories of actors. On the one hand, civil society includes major economic operators; some are local, but others are from outside the city or even outside the country. Civil society also includes households with little means and few prospects, some of whom are natives and others not. Native citizens of Bobo have an ambiguous relationship with their municipal government: they sometimes support and sometimes oppose those in power. Non-natives, for their part, have moved to the city “temporarily” to save money to invest in their own villages or regions. These two types of actors do not always agree about participation in urban management and its objectives.

“Basic development” is more concerned with daily management than with the options involved in a local economic development policy. Such a policy affects only or primarily the major operators in the local economy (even though everyone is capable of concern for the future of the community).

Finally, there is no legally defined procedure to achieve consultation among the various local development partners in making economic decisions. Such consultation is still too often imposed on the parties by outside aid, which requires it as a condition for supporting investment, thus removing responsibility from local authorities.

The first dissemination meeting in Sikasso, held without outside assistance, led to the creation of three working groups:

- ✦ Municipal, urban and rural elected officials and neighbourhood leaders. Its purpose is to examine mechanisms for mobilising local resources and improving public expenditure.
- ✦ Economic operators from the Chamber of Commerce who are considering how to revitalise the most promising sectors in the local economy.

 Representatives of decentralised State services. They will meet to discuss the role their services could play in helping the municipality resolve its taxation problems and in reviving the local economy.

The work of these groups will serve to prepare for the “wider” second dissemination mentioned above.

In the light of the “Saint-Louis Conference” in Senegal, at the request of the mayor of Bobo Dioulasso, the MDP and the Club Secretariat made a proposal for organising consultation after the dissemination meeting. This proposal sets as an objective the creation of a “*Plan de Développement Communal*” (PDC, term that must be used according to legislative texts governing decentralisation in Burkina Faso). We feel this proposal should lead to what we call a “Local development framework” that summarises data from the study and ideas gleaned from meetings and debates, and that for the various local economic sectors—including the public sector—lists the strengths to be put to use and the handicaps to overcome. The following stages are suggested for implementation over a six-month period:

- a) Meeting of the Bobo ECOLOC Committee to define the process: identification of subjects to be included in the Local Development Framework, actors to be involved⁴ (from the city or region, depending on the subject), organisation of debates, etc.
- b) Meeting of the city council to debate, amend and approve the process, and to approve immediate actions.
- c) Letter of information from the mayor to all donors in Burkina Faso to inform them of the process; articles in the press, radio programmes (use the local radio programme created as part of the 3rd urban project?).
- d) Design of teaching aids needed to lead debates.
- e) Organisation of a second dissemination of the study designed to circulate information more widely and launch a debate that should lead to the definition of the PDC.
- f) Selection of a team of leaders (primarily, but not exclusively, consultants that participated in the study); meeting of the team and municipal officials and staff.
- g) Organisation, over a two-month period, of a series of workshops on specific themes. The purpose of each workshop is to validate the diagnosis for the sector or theme, identify strategic directions for development and propose an outline of a strategy to revive the sector. A summary will be made of the work done by each workshop. Perhaps each workshop could meet a second time to validate its text.
- h) Parallel to the workshops, a small-scale communication campaign (articles in the press, radio programmes, etc.).
- i) After completion of the workshops, creation of an initial draft of the PDC.
- j) Meeting of the ECOLOC Committee to finalise the PDC draft.
- k) Meeting of the city council to examine, amend and approve the PDC draft.
- l) Organisation of the “Bobo Dioulasso Conference” (*assises*), a large-scale meeting at which the main points in the PDC are presented subject by subject. Meeting to dialogue with donors at the end of the conference to say “this is now the Bobo Local Development Framework (name chosen for its similarity to the Comprehensive Development Framework currently being promoted by the World Bank on a national level in some countries)”.

4. Including, in particular, existing development structures and projects such as NGOs that support the informal sector, support structures for small companies, the Chamber of Commerce, etc.

4.2. Towards structural action to revive the local economy

The third phase of the ECOLOC programme is the “revival of the local economy” as such. The focus moves now from analysis and broad guidelines for local economic policy, taken as adopted in Phase II, to practical action to support the development of economic activities, including those of the city council as a major local economic agent.

Even less than for Phase II, we have as yet no experience of this implementation. What follows is a brief summary of ideas we think worth following, in the light of current experience.

4.2.1. IMMEDIATE ACTION DEFINED DURING THE STUDY AND CONSULTATION PHASE

As we saw in the preceding section, the objective of ECOLOC is not to lead quickly to an overall programme for public investment. Four to six months after completion of the study phase, we should “only” have a “shared purpose” expressed in the form of a Local Development Framework.

Higher ambitions would in any case be self-deceiving. Many mid-sized cities in West Africa are in the process of implementing municipal development programmes or their equivalent with the help of donors (often the World Bank). In addition to these programmes, other projects based on bilateral funding and/or assistance from local governments in northern countries (decentralised co-operation) are currently underway. Clearly, neither local elected officials nor donors are ready to disturb or question these processes.

Nevertheless, we feel it would be both possible and desirable for the municipal government of the main city in the local economy to immediately implement a number of high-priority actions that the study has shown to be necessary. Not only are these actions intrinsically urgent; their immediate implementation is also symbolically important in demonstrating two strategic directions for economic development:

-  The need to increase local income from taxes.
-  The injection of money into and in favour of the local economy by using local companies whenever possible.

The implementation of these immediate actions should be the object of a small-scale publicity campaign (newspapers, radio) that should also present the debate process expected to lead to the formulation of a Local Development Framework.

The following suggestions were made after the dissemination of the Bobo Dioulasso economic study:

-  **Increase yield of land and property taxes.** The study report shows abnormally low income from land and property taxes. The tax rate actually applied to private capital must be significantly increased in the short term. The mayor could organise a seminar on this theme in the near future, and invite local mayors, district leaders, tax offices, traditional authorities, etc. to examine the problem. The mayor should also identify the simplest possible means of collecting taxes. Example: a system of “stickers” to be pasted on the doors of houses, or the requirement to show a property tax receipt before any official document (such as a birth certificate) is supplied by the city hall.

-  **Call upon the informal sector and small companies to maintain and improve the city.**

Use the example of Ouagala as an inspiration: Women there are responsible for collecting litter. Or create areas where those in the informal sector can carry out their activities (the creation of these areas can be entrusted to small local companies), etc.

In the Senegalese city of Saint Louis, publication of the ECOLOC study sparked debate on local taxation within the city council. Following these debates, the ways in which taxes on property and the informal sector are collected were changed, and as a result the municipal budget increased significantly (by approximately 20%).

In Sikasso, the mayor presented a forecast budget for the year 2000 that is 100% higher than the 1999 budget. At the same time he created a series of small urban projects that were entrusted to small local firms.

4.2.2. DEFINITION AND IMPLEMENTATION OF AN APPROPRIATE POLICY TO MOBILISE LOCAL RESOURCES

The existing ECOLOC studies show that cities mobilise only a tiny part of the potential of local economy resources. In a “typical” city of population 100,000 on the Gulf of Guinea, tax raised is between FCFA 2,500 and 5,000 per person per year, of which only FCFA 200 to 500 comes from land tax (amounting to less than 0.05% of private capital). How then can the municipality manage its assets? This public capital stock needs to be regularly rehabilitated and extended to accommodate new residents and new activities. How can a municipality undertake this necessary formation of local public capital?

In most cases the answers to these questions are only too clear: the maintenance of public infrastructure and facilities is deplorably inadequate, and local function infrastructure depends at present almost entirely on State grants, which are unreliable and likely to shrink, and not least on “projects” financed by the donors.

Can this unsustainable state of affairs be rapidly turned round? Quite probably, if the local authority can mobilise many more resources locally than it does at present. The ECOLOC studies show that the theoretical potential for increasing local tax revenues without raising tax rates is considerable (by a factor of ten for land tax, and three for business taxation).

This shift in scale is ultimately inevitable; it would be best to be aware of it now and move in that direction. This is the first strand that needs to be negotiated in a long-term policy to mobilise local resources.

But whatever technical improvements are made to the various types of tax, one necessary condition for this “revolution”, where people will actually pay to have a decent urban structure, is that all local operators should clearly see that they have an interest in it working. Local taxation is the “virtual” price to be paid in order to have the collective goods and services you think you need. So it is important to raise awareness of the usefulness and necessity of public services (sanitation, parks and gardens, etc.) by education, comparisons with other cities, etc. and also make more obvious the link between the service provided and the tax paid. This recalls the necessity of rapidly undertaking symbolic actions to establish

the link between tax increases and improved services and greater use of local enterprises.

However, despite this sharp increase in taxation of private capital and the local economy, the investment requirement resulting from urbanisation is such that some net transfer of resources from the rest of the country and the rest of the world, at highly concessionary rates, will remain necessary for decades to come. But experience shows that the systematic use of grants has many undesirable effects. It reduces the responsibility of local actors and leads to unwise allocation of resources.

In Africa as in the rest of the world, local authorities will inevitably have to borrow rather than receive grants, and it would be best to prepare for this now. This is probably the second strand in any ambitious strategy for financing local development.

If this path is really to be taken, all the players—local, national, external—must agree on a set of ground-rules, such as the following:

- ✎ Genuine, sincere application of subsidiarity. This means clarifying the roles and responsibilities of each partner. It requires of external partners at the very least that they do nothing to impede the local development of responsible management, whatever the risk;
- ✎ Genuine, sincere decentralisation of information. No sustainable progress is possible in mobilising local energies until local actors have the necessary information to take back some control over their destinies. The ECOLOC programme is attempting to meet this crucial need to decentralise information systems. Understanding what is going on in your own city or area, who makes which decisions, where the money comes from and where it goes, and so on, is the first essential step towards strengthening local governance;
- ✎ The requirement in every case of a local counterpart contribution. The ECOLOC studies show that this is not what usually happens at present. Even when a local contribution is stipulated in the loan agreement, it is usually overlooked, or else “provided” by one donor or another;
- ✎ Perseverance and constancy, because the problems of urbanisation take time to solve, and it is not right that the ground-rules should change with every new project.

4.2.3. CONCERTED ACTION TO REVIVE PARTICULAR PRIVATE SUB-SECTORS

An ECOLOC study can theoretically be used to identify those sectors of activity where development potential is greatest; these are the sectors that could, as it were, “drive” the local urban and rural economy.

As we have seen, local authority action can contribute to the development of these economic sectors:

- ✎ either directly by providing easier access to tenders for local enterprises;
- ✎ or indirectly by providing urban and rural areas with infrastructure that facilitates production and trade.

But the ECOLOC studies show that the weaknesses of the local economy also consist of the absence of any “development strategy” specific to particular professions. To cope with this, municipalities tend spontaneously to attempt to provide structural support to particular sectors via some sort of “municipal development agency”.

At this stage in the programme, our recommendation is not to become directly involved in that sort of approach.

During the dissemination sessions in the ECOLOC studies, it has become apparent that private operators tend only to notice the inadequacies of public infrastructure and services rather than their own individual and collective professional responsibilities. When the whole study and consultation process is managed by a structure created by the municipality, the partners are demotivated and tend to behave like passive recipients.

This analysis suggests that an extra stage is probably required in any attempt to revive the local economy: the transfer of responsibility to partners before any constructive, practical dialogue can begin between the public and private sectors.

On the public side, the creation of a body to promote local development (Local or Municipal Development Agency) is a good idea, but it can only have a sustainable impact if:

- ✎ Its statutes give it sufficient independence from the administration, and it involves a variety of public bodies (city, region, State) and the private partners who are supposed to express their views;
- ✎ The agency first proves its ability to support public management on behalf of development, before attempting to organise the relations between public and private sectors.

On the private side, each professional activity needs to be examined separately, so as to do more than list its strengths and weaknesses, and construct a “professional strategy”. This strategy needs to identify individual actions, collective actions at various levels, and finally, the requests to be made in the public-private consultation. In this re-construction of the private sector, thought should be given to strengthening the chambers of trade, industry, agriculture and so on, which are the natural frameworks for consultation among private operators and for managing interprofessional actions, and even infrastructure (airport, bus stations, warehouses, business parks, etc.).

Support in formulating professional strategies in countries of the South is likely to be more successful if it comes from professional organisations in the North.

Following the Saint-Louis ECOLOC study, an initiative of this type is underway. The Lille-Saint Louis partnership⁵ is financing an “intermediary” to facilitate partnerships between private operators in Saint-Louis and the Nord-Pas de Calais region of France; the Lille Chamber of Commerce and the Boulogne-sur-Mer association of fishermen have already expressed an interest. This action, in partnership with the MDP and the Club du Sahel Secretariat, is likely to be instructive.

4.2.4. CREATION OF ASSOCIATIONS OF RURAL AND URBAN LOCAL AUTHORITIES TO PRESS ISSUES OF COMMON INTEREST

The diagram on page 21 illustrates the local issues expressed in terms of links between the urban and rural areas near Bobo Dioulasso:

5. The French city of Lille (Nord *département*) has been twinned with the city of Saint-Louis for more than twenty years.

The local authorities in Bobo and their partners must realise that working on the city's future is not restricted to working within the city. Bobo's prosperity depends largely on a regional vision, particularly of the crucial question of connections between the markets of local towns and villages and the central market in Bobo. Improving the network of dirt and tarred roads in farm surplus areas will automatically increase Bobo's volume of trade and tax revenues (source: ECOLOC study of Bobo Dioulasso).

All the existing ECOLOC studies show that the primary complex (see 2.2.2.) is the main engine of West African local economies. To illustrate this, we reproduce some of the conclusions of the ECOLOC study for Sikasso in Mali:

It is farming, forestry and livestock breeding that provide the greatest impetus, both in terms of local product and distributed income in urban and rural areas. Any increase in the production of grains, market gardening produce, or livestock, would cause an increase in urban household incomes greater than would a comparable increase in urban production, whether industrial or in small businesses.

The improvement of infrastructure in the Sikasso hinterland should be continued so as to facilitate the collection and aggregation of local crop and livestock production, to be processed or packaged for sale outside the area: dirt roads and hinterland markets should be improved at the same time as urban infrastructure and facilities.

However, the dynamism of the local economy and the importance of Sikasso in the sub-region are not simply a matter of public investment: they depend, as in other places, on the capacity of local entrepreneurs to assert themselves in a market that is bound to increase, as communications and transport infrastructure improve, to extend beyond the city's current zone of direct influence and even the borders of Mali. A dynamic commercial and entrepreneurial fabric is needed that controls the marketing circuits for local products. This is the only way of enabling the farmers and livestock breeders who exploit the area's comparative advantages to develop their markets and income. With this income they can consume manufactured products and services and raise their productivity without threatening their natural resource assets, or they can use the extensive groundwater resources.

This example shows the importance of developing dialogue between rural and urban local actors. This is one of the key issues in the consultation process. Indeed this has been clearly understood at most of the dissemination sessions that have already been held. In Sikasso one of the two days was spent on a dialogue between the city's authorities and operators, and village representatives from its surrounding area. In some cases, such as Burkina Faso, the legislation on decentralisation stipulates that federations of local authorities or discussion bodies common to more than one territorial entity be set up:

 Article 115: A number of municipalities in the same region may associate to create a community of municipalities;

 Article 116: The community of municipalities... is in charge of managing matters of common interest;

 Article 23: A consultative body is created under the auspices of the high commissioner of the province, to be called the conference of provincial executives;

✎ Article 25: A consultative body is created under the auspices of the Prefect, to be called the Departmental Council”. (source: Decentralisation guideline regulations, Burkina Faso).

One objective of the ECOLOC approach must be to promote this urban-rural dialogue. The Local Development Frameworks must integrate this dimension and promote investment based on options arrived at by consultation between the two areas. The main difficulty here is less on the actors’ side than on that of the development co-operation agencies, too many of whom remain stuck in organisational (and mental) ruts, in which the urban and the rural come under two different, indeed opposed, rationalities.

4.2.5. CONSULTATIONS BETWEEN LOCAL AUTHORITIES IN NEIGHBOURING COUNTRIES CONCERNING COMMON ISSUES RELATING TO REGIONAL PLANNING, REGIONAL TRADE AND ORGANISATION OF MARKETS

The ECOLOC studies confirm that many local economies in West Africa correspond to regional geographical, sociological and economic realities.

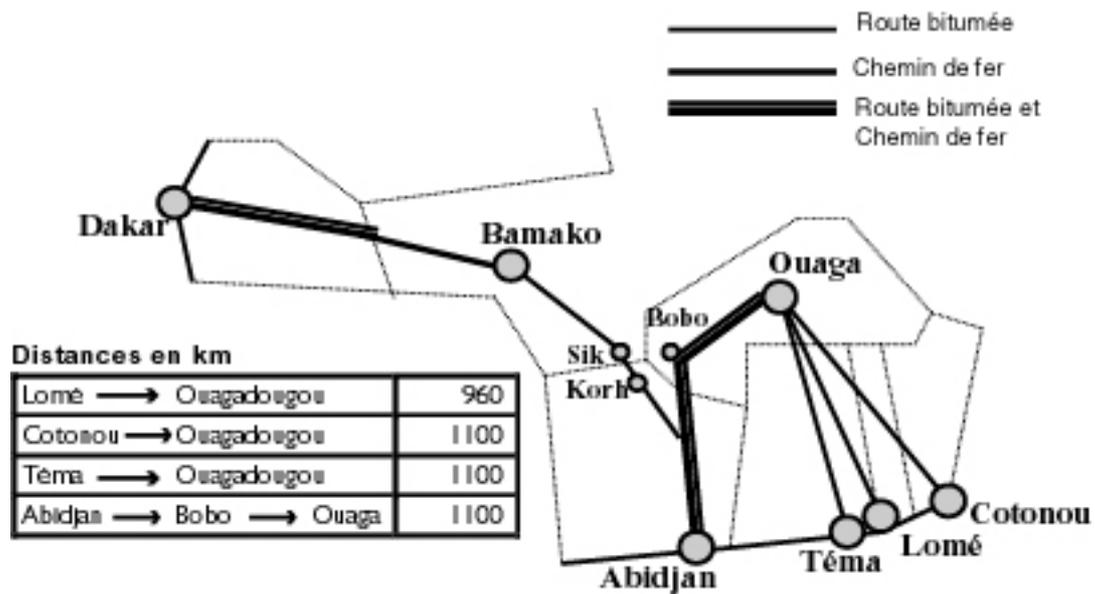
In West Africa, prospects for dismantling tariff barriers between UEMOA countries and the liberalisation of national economies will upset a large number of vested interests. In the medium term, there are likely to be at subregional level a number of rationalisations, concentrations and delocations of sectors such as cotton, agri-food, wholesale trade, transport, etc. These radical changes will be the result of both State macro-economic policies and of the strategies of major private groups seeking to position their West African activities in the context of global competition.

In other words, the reduction, if not elimination, of barriers to free trade is likely to accentuate the dominance of the coastal cities and in particular the concentration of modern industrial activity in the largest of them. Conversely, one may imagine the closure of many plants set up in the landlocked countries sheltered by national customs and tax preferences. This is particularly likely to happen when the plants producing the same goods in different countries belong to the same group.

Faced with this, the room for manoeuvre of local elected officials looks slim indeed. The levers that command macro-economic policy, industrial restructuring and regional planning seem to be out of their hands.

The ECOLOC studies provide evidence on these issues for what is felt intuitively by local operators, both public and private. Bobo Dioulasso is a classic example, which we now summarise briefly.

The relative decline of Bobo Dioulasso is partly due to the gradual loss of the cross-roads role the colonial city had acquired and managed to retain in the early years after independence. Ouagadougou is now served by four corridors to the coast (Cotonou, Lomé, Téma and Abidjan), which compete in material conditions (distance, road quality, railways, harbour capacity), macro-economic factors (currency, relative costs), and regulations (tariff and non-tariff barriers, regional agreements, etc.). At present, the corridors through Togo and Ghana are faster and thought to involve less red tape.



But after five years' rehabilitation and FCFA 40 billion investment the Abidjan-Ouaga railway is in brand-new shape. A container terminal in Ouaga and a storage platform in Bobo have been built by Sitarail with aid from AFD. This new asset has two major implications for Bobo: 1) a significant increase in freight and passenger traffic; 2) the construction of a modern main road to Sikasso to develop the Abidjan-Bamako corridor (Sikasso has every interest in building this road with Bobo Dioulasso, or will see its role in supplying Bamako reduced when the Dakar-Bamako railway is rehabilitated).

Sitarail's objective is clear: take most of the cotton export market from the Korhogo-Sikasso-Bobo triangle and the freight market (especially oil products) from Abidjan to Burkina Faso and Mali. The cost argument will be attractive to the sub-region's business people.

The local authorities of these three cities should get together and, with their members of parliament, form lobbies to put their case to their respective governments.

The mayors of the three cities have already decided to follow this advice and a joint initiative is due to be published in the months ahead. This initiative will be an opportunity to check whether the local level is capable of providing a new viewpoint on the regional integration strategies of States and regional organisations.

Le présent document constitue la «porte d'entrée» du tome I du manuel ECOLOC consacré à l'évaluation de l'économie locale. Il renvoie aux 5 documents techniques suivants :

- Document n° I.1 Le cadre conceptuel de l'approche ECOLOC
- Document n° I.2 L'organisation de l'équipe et les termes de référence
- Document n° I.3 La première maquette des comptes locaux et le document de cadrage
- Document n° I.4 L'élaboration des comptes locaux
- Document n° I.5 La prise en compte de la dimension spatiale des économies locales

Le tome II traitera de l'organisation de débats locaux et de la définition de stratégies par les acteurs.

Le tome III traitera plus spécifiquement des outils de promotion économique et de relance des activités et de la fiscalité locales.

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