

15 October 2013

Item 3

International Trade and Development: Local Government's Role

Purpose of report

For information and comment.

Summary

This report provides an update on the LGA's international trade and development work, and seeks Members' steer on taking this work forward.

Recommendation

Members are invited to note the progress of work and to provide comment and direction as necessary.

Action

Officers to take actions as directed.

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International Trade and Development: Local Government's Role

Introduction

1. In responding to increasing international demand for English local government to support developing nations, the LGA has pioneered externally funded, international development peer-to-peer support packages. This model has projected our sector's self-support principles onto the global stage, recognising that councils across the world face similar economic, social and environmental challenges (delivering services with reduced budgets, ageing populations, youth unemployment etc.). While UK local government has much to offer, there are equal amounts of learning it can bring home too.
2. In recent years, new themes have evolved in international development. Councils in emerging economies are keen to secure both capacity-building support and forge economic trade links with English towns and cities. The LGA is promoting local government's leadership role in this area. While there has been a perception that international trade promotion is the business of national governments and their agencies, there is a growing realisation from lead Whitehall departments that local government can add value to activity.
3. In recent months we have made much progress in gaining recognition for a local approach to aid and trade. This report sets out recent developments; Building on the momentum of recent successes, and bringing these strands closer together, the LGA could now develop a strong local government offer which would both place it at the heart of UK international trade and development efforts, and support our *Public Services Rewired* ambition for a stronger local approach to economic development.

Recent work

4. The LGA has been involved in various works on aid and trade in recent years. It should be noted that our work is demand led, delivered by local government peers and externally funded.
5. There is a body of recent work which demonstrates a growing localist approach to aid and trade policy, with increasing demand for local government skills. These developments are set out below.

Pan-African Peer Review

- 5.1 The LGA was recently commissioned by the pan-African LGA to pioneer the model of local government peer review across Africa countries. To date, peer reviews led by African local government experts from thirteen African countries, shadowed by British local government peers, have been delivered in Namibia, Ghana, Cameroon and Uganda, with a fifth entirely African-led peer review recently completed in the Ivory Coast.

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Collaboration with Mexican local government

- 5.2 Another example is our collaborative work with Mexican local government and the British Embassy in Mexico. In March 2013, the LGA co-hosted a trade delegation comprised of the deputy permanent secretary of INAFED (equivalent organisation DCLG) and representative from 3 states, including state directors for development, one regeneration and environment minister, plus the dean of their largest university.
- 5.3 Mexican local government was developing a programme of public-private collaboration and wanted to examine the 'English Model' and open up a new market to UK firms. The Mexican local government was clear that its relationship with the UK on trade would be delivered through its peers in England.

Millennium Development Goals

- 5.4 The Millennium Development Goals, which have guided international aid policy since 2000, will expire in 2015. There is now a global debate about what development will look like post-2015, and decentralised approaches to development cooperation could play an important role. Our calls for a more localist approach are echoed by partners from across Europe and the Commonwealth, and are timed to coincide with EU and global policy debates.

European Aid Policy

- 5.5 A recently announced European Commission policy communication recognises local government as a critical partner in delivering its future aid commitments. Alongside partners from across Europe and the Commonwealth, the LGA has actively lobbied for this recognition and is now working with partners on a collective response from local government. Despite the fact that funds have not been allocated yet, the EU Commission has now invited local government to come up with a proposal for a collective delivery mechanism.

Commonwealth Local Government Forum

- 5.6 The Department for International Development (DFID) is also providing £4.5 million in funding for the Commonwealth Local Government Forum (CLGF) to support local government in southern and western Africa, as well as south Asia. Through our membership of CLGF we are also exploring ways in which British local government expertise can be sourced for these programmes.

Foreign and Commonwealth Office

- 5.7 The Foreign and Commonwealth Office (FCO) are now beginning to consider the potential of international engagement by UK cities, and how they need to react in terms of domestic relationship. This is an area the FCO has had limited engagement in the past, and they are particularly interested to identify where they can do more. FCO have already approached Manchester City Council in this context.

UKTI

- 5.8 This approach strongly aligns with the work the LGA is already undertaking with UKTI to better engage with cities internationally, particularly in context of increased engagement with emerging economies.
- 5.9 Following a successful meeting between the LGA Chairman Sir Merrick Cockell and

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Lord Green, Minister for Trade and Investment, the LGA and UKTI agreed a collaborative programme of activity. Our objectives are to:

- 5.9.1 Highlight local government's support for the government's ambition to increase the UK's exports and attract more inward investment, particular missing links with second tier emerging markets.
- 5.9.2 Evidence local government's unique role in nurturing links, attracting inward investment opportunities and supporting export activity.
- 5.9.3 Establish a closer relationship between UKTI and local government – including joint activities.

5.10 We aim to achieve this by:

- 5.10.1 A jointly branded report aimed at signposting local government / LEPs to their respective regional UKTI contacts and highlighting best practice for those areas taking a proactive approach to integrating international opportunities within their local growth strategies.
- 5.10.2 The second output picking up on UKTI's concern that there are few tangible relationships between the UK and second tier emerging markets or "second cities", which are amongst the fastest growing economies in the world. Local government has demonstrated this is a key area where local-to-local leadership works well.
- 5.10.3 While the local government sector cannot match the overall global coverage of UKTI, it can drill down to levels that that UKTI cannot, For example, Essex County Council has developed close municipal ties with Jiangsu province in China over a 25 year period, leading to many successes for UK plc. For example, China's biggest publishing company, Phoenix Publishing & Media Group, has signed a Memorandum of Understanding (MOU) with Essex County Council to set up its UK Headquarters in Essex. The achievements here were based upon long-term political relationships at the local level. The key decision makers were local Chinese politicians demonstrating that local the impact of political equivalents forging links.

5.11 The LGA has therefore commissioned new research to update our intelligence on local government links with second tier emerging markets. The aim is to identify good practice and any potential blockages to sector progress. UKTI fully supports the aims and objectives of the research. Analysis of this research will inform on-going lobbying work, into removing barriers and new opportunities for the sector.

Next steps

- 6. Whilst many of the projects and initiatives described in the report are not connected, collectively they could set out a new narrative on the localist role in international aid and trade. Members have long championed this cause and the recent successes described in this report could help create the environment for a more strategic debate about the role of localities in international aid and trade.

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7. Below are some suggestions to build on recent work and members' views and suggestions are sought to move the work forward.
 - 7.1 **Continued programme of work with UKTI** – (as outlined above) including explore *co-commissioning* and piloting work. The LGA could co-design a series of pilots with UKTI to add value to local business plans for trade and investment.
 - 7.2 **Responding to the EU Commission** – Working with partners across EU, Commonwealth and beyond in order to respond to the EU's policy on local authorities in development, including exploring new co-commissioning mechanisms.
 - 7.3 **Supporting the Commonwealth** – Ensuring UK local government skills and expertise are contributing to a 3-year Department for International Development (DFID) funded capacity building programme in Southern and Western Africa and South Asia.
 - 7.4 **Open up a renewed dialogue with FCO, Department for Business Skills and Innovation (BIS) and DFID** - Ensuring local government is central to a cross-Whitehall conversation on development cooperation and trade and investment.