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Local Economic Development and Fiscal Capacity: An Analysis of Economic Transformation in Padang Panjang City

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ABSTRACT

This study examines the development of local economic potential in Padang Panjang City, West Sumatra, and its implications for economic growth and local own-source revenue (PAD). The study responds to the need for a critical assessment of local transformation by combining Rostow's stages of economic growth with a local economic development perspective. A qualitative library research approach was employed using journal articles, books, previous studies, government documents, and statistical publications. Relevant sources were selected according to their relevance and analyzed through reduction, categorization, interpretation, synthesis, and source triangulation. The findings indicate that Padang Panjang has a diversified economic structure encompassing agriculture, livestock, manufacturing, trade, services, tourism, and creative industries. However, the transformation is uneven across sectors. Agricultural production remains important but fluctuates, while manufacturing has recovered from the pandemic but its contribution to regional output remains stable. Tourism and creative industries show expansion, although infrastructure, promotion, market access, and institutional capacity remain constraints. Therefore, the evidence does not support categorizing Padang Panjang definitively as having reached Rostow's maturity stage. Rather, the city exhibits overlapping characteristics of the preconditions for take-off and take-off stages. The study further finds that economic potential does not automatically translate into local revenue because fiscal benefits depend on formalization, value chains, local spending, and the connection between economic activities and taxable or retributable transactions. Policy should consequently prioritize value-added development, sectoral linkages, tourism integration, downstream processing, and institutional coordination to strengthen local economic resilience and fiscal capacity.

INTRODUCTION

Local economic development is thus one of the major instruments to empower regional economies and promote fiscal independence. From a regional development standpoint, economic growth does not simply consist of an increasing aggregate volume of production; it encompasses both local identification, utilization and integration of regional resources into productive economic activities resulting in value added job opportunities and local revenues (Blakely & Leigh 2013). The point is that local economic opportunity does not equal successful economic development. There is a more critical issue — how much of that potential can be turned into productive economic activity and therefore add to the tax base cities rely on for revenues? This view is very pertinent for poor and/or small economies, as strengthening local productive systems could offer a solid ground for diversifying regional revenue streams (Acevedo, et. al, 2014; Garofoli, 1996;).

Explaining the need for a CEB when we realized that fiscal decentralization is not all about local resource mobilization, but rather how far a region could rely on its own base to develop its economy; as well as asserting that economic growth should come from these locally natural endowments. Decentralization also gives more space for local governments to determine what they wish to do in line with the needs and characteristics of their respective region. Oates (1999) points out that decentralization may improve government responsiveness to local circumstances when authority and resources are appropriately matched. As such, to the extent that local government integrates community economic activities as part of the formal economy also serves as a mechanism to increase fiscal independence from their central government. In this principle, Local Own-Source Revenue can be a tool to determine how far local economic actors create revenue sources that can be independently managed (Elezi, et.al, 2024; Wijaya, et.al, 2025).

Such a phenomenon is clearly seen in West Sumatra. The economy of West Sumatra in 2024 grew by 4.36 percent where RGDP at current prices was IDR332.94 trillion. While this is a sign of positive growth, the achievement may not be under similar conditions among other regencies and cities across the country. Diverse economic structure, capability of resources, macro scale markets and growing capacity to develop most leading sectors by local government, have created an advantage factor that leads these regional economies (Buss et al., 2015). City-level economic analysis, therefore, is key, given that provincial aggregates can hide the problems of subregions with distinct economic characteristics.

The city of Padang Panjang is an area of interest for study due to its specific geographical and economic characteristics. With a land area of approximately 2,300 hectares and a population of 60,264 in 2025, Padang Panjang is one of the smaller cities in West Sumatra. These spatial and economic scale limitations make development strategies based on local potential crucial for the city's sustainable economic growth. At the same time, Padang Panjang's economic performance shows a positive trend. Gross Regional Domestic Product (GRDP) at constant prices rose from IDR 2,879.85 billion in 2023 to IDR 3,009.93 billion in 2024, representing a growth rate of 4.52 percent. GRDP at current prices also increased from IDR 4,474.08 billion to IDR 4,756.96 billion during the same period.

However, this economic growth requires critical examination. In 2024, Padang Panjang's economic structure was dominated by the Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles sector (18.28 percent), followed by Transportation and Warehousing (11.77 percent), Information and Communication (9.88 percent), Construction (9.58 percent), Government Administration, Defense, and Compulsory Social Security (9.52 percent), and Educational Services (9.52 percent). This composition reflects a shift in Padang Panjang's economy from a primary sector focus to one dominated by trade and service activities. It is essential to determine whether this diversification of economic activities has established a robust foundation for growth and the extent to which it can sustain that growth.

From the fiscal side, where this condition is more critical, as IDR 94.37 billion of Padang Panjang City’s local revenue was realized in 2024 according to research data or around 77.72% of the target of IDR 121.42 billion. The gap between target and realization suggests potential to streamline revenue sources at the regional level. Yet the poor performance relative to the Local Revenue target cannot be hastily attributed to low economic potential. The connection between economic potential/sector activity/economic growth and local revenue is much more complicated. Hence, studies that not only inventory possible sectors of the economy, but also take account for the local state of economic maturity, and the growth potential and fiscal efficacy of these sectors must be conducted.

Different strategies are applied to develop local economic development. The local economic development approach is fundamentally an endogenous concept where regions are built on local resources, institutional capacity, labor and entrepreneurship among actors and their linkages (Blakely & Leigh, 2013). Endogenous growth is the branch of economic thought which promotes human capital, knowledge and technology to generate sustainable growth (e.g., Romer 1990). In contrast, the cluster-based development paradigm has emphasized local competitive advantage as rooted in geographic proximity and inter-business linkages, knowledge, and institutional networks (Porter 1998). Conversely, the fiscal decentralization outlook serves to analyze how regional authority interacts with resource management and about fiscal capacity (Oates 1999).

We do not apply Rostow's stages of growth theory to conclude that Padang Panjang development (City) must develop in line along with a linear development path as at the level of national development; however we use it as an analytical framework for interpreting the position and profile stage local economic development on the basis of shifts in structure-structure activity economy, diversification sector, investments and production capacity, changes trends towards modern economic activity. According to Rostow, (1960), development is defined as an evolutionary and structural transformation process of economic growth where economies undergo changes in structure and productive capacity. It has also been shown that Rostow's analysis can be done at the subnational scale although the theory was originally formulated with reference to development at a national level only, as Parr (2002) emphasized in his discussion of the relevance of applying Rostow's perspective at a regional level.

To this end, the employment of Rostow in this study also is placed to complement over local economic approach, not as the main causal explanation for growth. The local economic development approach explains how, with some mobilization of local resources, an economy can grow; the endogenous growth approach focuses on knowledge and human capital as being necessary for growth (Lucas 1988) but understands that innovation is key; and the cluster approach connects linkages between economic actors — but Rostow gives us something to work with in understanding directions of transformation, while positioning local economic development. The importance of this combination is: the research objective is not just to find sectors with potentials but how the evolution of local economic structure in Padang Panjang and to what extent these potentials be mobilized to contribute for economic growth and regional fiscal base.

Although the study of local economy and economic sectors in a region has developed significantly, the studies at small-city level that simultaneously relate economic potential, stages of economic development, growth, and realization of Locally-Generated-Revenue or local revenueare still feeble. Techniques such as these that merely identify leading sectors do not effectively answer the question of whether those sectors are at a developmental stage conducive to sustainable growth and value-added creation. In contrast, the econometric estimates of economic growth based on GRDP alone do not say anything about whether such growth has meant more regional fiscal space. The gap was the basis for carrying out research in Padang Panjang city.

Padang Panjang has its own compelling context because the local economy that can be developed here is quite diverse starting from horticulture, livestock farming, trading and creative economy, MSME, cultural activities and service sectors. Research data showed the coexistence of horticultural commodities, namely shallots, scallion, curly chili (Chili), mustard greens (brassica juncea), tomatoes, eggplant and green beans with dairy farming or profession as a provider in the trade and creative economy sector as well as cultural events such as Southeast Asian Poets' Gathering. Batik training for MSME players and Corporate Social Responsibility (CSR) programs oriented to community empowerment are also worth mentioning. This diversity suggests that the key issue is not so much the absence of economic potential but rather a concern to translate that potential into a more efficient productivity base capable of diversifying the source of regional revenues.

In order to explain the economic position of Padang Panjang as a research location, the main indicators used can be presented as follows:

Table 1. Economic Development Indicators for Padang Panjang City, 2020–2024

Indikator	2020	2021	2022	2023	2024
GRDP at constant prices (IDR billion)	2.543,40	2.631,38	2.746,84	2.879,85	3.009,93
GRDP at current prices (IDR billion)	3.473,23	3.651,12	4.086,55	4.474,08	4.756,96
Economic growth (%)	-1,44	3,46	4,39	4,84	4,52

Source: BPS Padang Panjang City (2025)

These data show that the economy of Padang Panjang recovered and started to grow again after a contraction in 2020. But the growth of 4.52 percent in 2024 is lower than that of the previous year, which was four.84 percent in 2023. Meanwhile, based on the GRDP structure, areas of trade, transportation, information and communication and construction, government administration and education are still dominating. This raises an analytical question of whether the structural changes depict increasingly mature economic convergence or are, in fact, showing growth that has not yet been meaningfully associated with capitalizing on local economic potential and local revenue

This study is based on these problems and gaps, which will analyze the local economic potential of Padang Panjang City from the perspective of Rostow's theory so that it can evaluate towards improving economic growth and local revenuerealization. This research specifically analyzes (1) the characteristics and sectors that underpin local economic potential in Padang Panjang, (2) positions of local economic development based on structural and economic activity change indicators and (3) the relationship between optimization of regional economic potential with an increase, as well as its contribution to local revenue

Hence, this study contributes to an attempt in exploring the appropriateness of compatibility between contextual stage orientation and structural orientation within one analytical framework for a small city as the focus of local economic potential analysis. Lastly, the large-scale determination of commodities using quantitative techniques is expected to examine permanent sectoral economic development due to interventions in Padang Panjang City so that it strengthens growth and fiscal independence.

METHODS

This kind of study uses a qualitative approach with the library research method. Literature Review The literature review is a stage of search, selection, reading and critical analysis of various sources related to national economic development regional economic growth and Regional Original Revenue (PAD). Literature Review agreed not only to get a theoretical basis, but also developed a synthesis based on results of earlier studies and empirical data about the economic situation of Padang Panjang City (Adlini et al., 2022)

The data sources included scientific journal articles, books, previous research, government policy and regional development reports, and statistical publications. A systematic search was performed through an initial search using keywords on local economy development, local economy potential, regional economic growth, local revenue Rostow stages of economic growth theory and Padang Panjang City. The finally obtained sources were then determined by their relevance to the research aim, trustworthiness of the source, content appropriateness and availability of data supporting analysis. Sources that were peripheral to the study topic or not adequately informative did not serve as primary references.

The chosen data was descriptively, analytically and interpretatively analyzed through stages of coding for reduction of the data, categorization, interpretation and synthesis. It aggregates the information into themes that cover local economic characteristics, potential sectors, shifts in economic structure, economic growth and local revenue Then, between theoretical studies and empirical data compared and analyzed to describe the local economic development of Padang Panjang City and the implications for achieving economic growth and local revenue The credibility of the findings was increased through data triangulation with journals, books, prior studies, official documents and statistical publications.

Rostow’s stages of economic growth theory (Rostow, 1960) were used as the analytical framework that has five developmental phases namely; traditional society, preconditions for take-off, take-off, drive to maturity and high mass consumption. But Rostow's theory was not literally applied, let alone linearly, because the theory itself essentially described economic development with a national typology. The theory was applied in this research to interpret trends associated with local economic transformation focusing on sectoral diversification, productivity growth and investment as well as trade and service sectors expansion. This work fits with that of Parr (2002) as it shows how Rostow’s viewpoint can be adapted at regional scale through typologising regions.

In order to overcome the limitations of Rostow's theory such as its failure to account for sources of local growth, this paper adds a layer based on the perspective of local economic development. This orientation is centered around the use of assets, community capacity, entrepreneurship, labor, institutions and local competitive advantages as the premise for regional economic development (Blakely & Leigh, 2013). Therefore, Rostow's theory is used to direction the economic transition, whereas local economy approach is used to identify the potential and economic base of Padang Panjang City. From both approached the results are synthesis to analyze local economic potential basis also shape the motivation of choice local economic base in driving forward economic growth and local revenueincreasing.

RESULT AND DISCUSSION

Local Economic Potential Structure and Dynamics

The results showed that the economic structure of Padang Panjang City was indeed still relatively diverse, and there were many developing economic activities in the agriculture, livestock, manufacturing, trade, services as well as tourism and creative economy sectors. These figures highlight the fact that the regional economy can no longer simply be classified as a primary sector. Though the presence of sectors should not necessarily be interpreted as the economy reaching Rostow's stage of maturity at once. This must be evaluated in terms of growth continuity, diversity, productivity and investment as well as the capacity to generate added value within the sector.

The agriculture sector continues to be a part of the local economic base. Figures related to the production of seasonal vegetables and fruits show that total production increased from 6,709,300 kilograms in 2022 to 7,474,700 kilograms in 2023 before falling to about 6 million three hundred three thousand kilograms in 2024. The decline came mainly from shallots, scallions, pak choi/bok choy, tomatoes, eggplants and green beans but curly chili peppers saw a production increase from 610,800 to 679,800 kilograms. These data show that although it is still partly a primary sector, its productivity has certainly not yet stabilized.

Table 1. Production Dynamics of Major Crops in Padang Panjang City, 2022–2024

Commodity	2022	2023	2024	2023–2024 Trend
Shallots	2.636	1.965	1.657	Decreasing
Spring onions	20.636	19.748	15.755	Decreasing
Curly chili peppers	5.223	6.108	6.798	Increasing
Napa cabbage/mustard greens	21.382	22.617	18.669	Decreasing
Tomatoes	3.001	2.521	2.126	Decreasing
Eggplant	10.337	12.461	10.667	Decreasing
Green beans	3.878	9.327	4.361	Decreasing
Total	67.093	74.747	60.033	Decreasing

Source: BPS Padang Panjang City

In comparison, there are signs of progress in institutional economic reform and production capability for the livestock industry. Padang Panjang has about 500 cattle and the average productivity of milk is 10–11 liters per day head/day or equivalent to the production volume of 1,200–1,800 liters /day so they can provide dairy products. The sophomore is said to fulfill nearly 60% of the milk requirements for West Sumatra Province. It also provides for joint activities for dairy processing as well as capacity building of farmers through training and equipment madapati. The results suggest a growing scale of production, with increasing links to larger markets.

When it comes to new developments in the manufacturing sector, data are less clearcut. This sector shrank by -2.41% in 2020, then expanded by 2.44% in 2021, 2.40% in 2022 and a whopping 4.79% in the year of light speed before dropping like a stone to a woeful 2.07% (all year) due to January- December contraction of -3%. Its share to GRDP has been relatively stable between 8.30% and 8.48%. Therefore, we observe full-fledged capabilities of recovery and diversification but no increasing contribution by the manufacturing as yet to qualify for a bona fide structural transformation.

This also applies to tourism and creative economic activities. In 2024, international tourists reached an increase of 27.02%, domestic tourist trips increased by 19.73%, tourism contributed (to) GRDP at the rate of 2.89% and local revenueat the rate of 2.42%. But the tourism offered has not been as successful. As an example, Lubuk Mata Tikus bathing place is still a lot of shortcomings in the promotion and also information about these places is considered very limited because it is not easy to find this place because of poor access road conditions as well as less supported facilities.

Economic Development Perspective Based on Rostows

The synthesis of the indicators indicates that Padang Panjang can not only be grouped in one kinetic stage according to Rostow's theory. One important finding is that there were characteristics at multiple stages present in the same individuals. Cultivation and yield variations reveal that certain essential economic traits remain in place. Meanwhile, the presence of banks, infrastructure development, livestock expansion, processing industries, trade services and the creative economy show signs of pre-take-off and take-off.

Key supporting indicators of these trends are: Processing industries development, milk production capacity addition, leather product innovation & MSME training and regulation support to small and medium industries. But the slower GDP growth of the processing industry in 2024 and drops in output for some agricultural products show that this transformation is not yet complete.

On the other side, the rise of HDI from78.07 in 2020 to80.60 in 2024 indicates that there is quality improvement in human development level. However, this indicator by itself is not enough to demonstrate that Padang Panjang has achieved the drive to maturity stage. Consequently, the research findings mention that Padang Panjang tends to be at take off stage as well suggests some characteristics of a pre-mature state rather than it has reached the maturity stage completely.

Economic Potential and Its Relationship With Local Revenue (PAD)

Local economic potential and local revenue (PAD) relate not to the same issue: contribution or mean. Even if a sector provides a large contribution to GRDP and employment, it is not necessarily a natural source of revenue local revenue In contrast, the smaller scale of a sector can result in a sizable contribution to government revenue if its activities are directly associated with taxable objects or regional administration and stake.

Tourism represents this relationship for the case of Padang Panjang. Contribution of tourism to local revenuerecorded is 2.42% It is not to say that all tourism economic activities, directly coming into local revenue Revenues associated with local taxes and levies account for the mechanism, while other economic advantages spill over through hotels, restaurants, commerce, transport, micro-, small- and medium-sized enterprises (MSMEs) investmentas well as community-level economic activities. Hence, the tourism contribution to local revenueis a both direct fiscal revenues and local economic multiplier effect, although the magnitude of each mechanism cannot be estimated separately using this database.

Table 2. 9516 Local Economic Development – Economic and Fiscal Indicators

Indicator	Value
Tourism contribution to GRDP	2,89%
Tourism contribution to Locally-Generated Revenue (PAD)	2,42%
Growth in foreign tourist arrivals	27,02%
Increase in domestic tourist trips	19,73%
Manufacturing industry growth (2024)	2,07%
Manufacturing industry share of GRDP (2024)	8,30%
Human Development Index (2024)	80,60

Source: BPS City of Padang Panjang and Padang Panjang City Tourism Office

The data implies that the tourism sector is a potentially strong interlinking chain between economic activities and regional revenue, but to this day its contribution remains limited. As a result, more tourists does not necessarily lead to an equal increase in local income.

Discussion

The results of this research can be concluded that Padang Panjang itself actually already on a transformation economy but the phase was not simultaneous. The importance of this is because Rostow needs that in principle, theory MUST be growth stages series on a decision from country level to the regional area; because every kind of development HAS to take care of how developed IS such economy. Rostow framework can be viewed at subnational scale, however the specific characteristics of region means that its application cannot be disentangled (Parr, 2002).

Back to the findings of these researches, no stronger evidence can prove that Padang Panjang is at the maturity stage, a phase where both new and old coexist in hospitality. Though agriculture is still significant, trade, services, manufacturing and tourism are also growing. The growth is erratic in nature in the entire manufacturing sector, but contribution is consistent. The term perfect structural transformation means that growth is accompanied by a movement of labour into more productive sectors from less productive ones (Fattal-Jaef, et.al, 2020; Donovan, et.al, 2023).Gaaitzen et.al, 2012)

Therefore, in the context of Padang Panjang, Rostow's model should be a matter of interpretation. Now Rostow can help describe the direction of change from a primary resource based economy to a more diversified economy but it is not sufficient in explaining why some sectors move faster than others. This is where the local economic development approach arises since local development is, in essence, dependent on the capacity of a region to develop capacities and institutions along with skills and economic networks locally. The Second Point of Caution is that Local Economic Development is fundamentally a capacity and institutional building process, not an increase in economic activity.

Similar research, though, show us that economic potential does not have as much ability to generate local revenues. This is due to mainly three factors: the distance of an economic activity from the tax and regional levy base, the degree of business formalisation and local value chain length (Triarda, 2021; Manalu, 2023). Tourism, for instance, has revenue potential as tourism activities generate transactions across many subsectors (e.g., accommodation, food and beverage, trade, transport and storage and services). But only some of these winds up as local income. The OECD says the economic benefits of tourism depend greatly on local economic retention and sound government management of tax, levy, infrastructure and local supply chains.

Thus, by no means the strategy to encourage a local source of income from Tourism should depend only on taking more tourists. In addition, local governments also need to increase the length of stay and tourist expenditure, engage with local MSMEs, strengthen interdestination and culinary-creative economy connectivity, as well as ensure that business actors carry out tax/levy administrative compliance. In this way, the generation of visitors can be turned into regional income and as local added value more efficiently.

On the other hand, agriculture and livestock are an important component of local economy and community incomes but have a limited direct contribution to local revenues. This includes the high-value chain in agriculture; productive activities dominated by primary production, where most of the economic value stays with producers and traders and is thus not fed into local government revenues. Consequently, a better policy may be to promote downstream processing such as dairy processing, processed foods packaging and branding marketing to improve local added value while developing a formal business base that facilitate its easier integration into the regional fiscal system.

Moreover, the research results indicate that the potential problem in Padang Panjang is not just limited potential but a gap between existing potential and existing capabilities to turn them into added value. The shrinking of output among various crops, the stagnation in processing sectors for 2024, and a poor turnaround at some tourist destinations suggest also that economic growth continues to struggle with productivity, market access, promotion infrastructure and institutional ability.

It reinforces the case for a local economic strategy to complement Rostow's approach in these conditions. Rostow writes about how transformation takes place, but mentions only vaguely institutional mechanisms that allow a sector to reach development. In the context of local economic development, aspects like skills and business networks (both social and economic) require appropriate institutional capacity as well as coordination capacities.

Hence local governments cannot conduct training in isolation. Programs need to be programmatic around value chains within sectors. For dairy development, it needs to be between farmers–processors–packaging–distribution–market; tourism is between destination–culinary-accommodation-transportation-MSMEs; whereas creative economy is production-design-digital marketing-events-market.

With these findings in mind, four policy implications have been drawn. Let tourism be an economic ecosystem — We are training you on some data and information up until October 2023. Better access, marketing digitally, infrastructure and the transformation of culinary, mass MSMEs, also the creativity economy can help more tourist costs stay inside Padang Panjang region. Secondly, the livestock and agriculture raw material should be oriented downstream processing. Dairy production statistics indicate a relatively solid production base; however, higher local revenue and value addition are more probable where primary products are further developed into processed goods with local branding and larger marketing networks. Third, the processing industry and creative economy can be positioned as a bridge between local potential and market. Training programs come with the provision of access to financing, certification and standardizing products along with digital marketing opportunities and partnerships to make it work in trade and tourism. Fourth, local revenue policy must adopt a value-chain-based revenue enhancement strategy that civilizes strategically-selected points in the value chain which are legally permissible as tax or levy points for local public authorities. Consequently, local revenue does not improve just by increasing tax revenue targets but must be supported with more formal economic activities and a greater value added to all or most economic transactions taking place in the locality.

Findings The research finds that the economic base of Padang Panjang City, is relatively diverse and in a transformation to a more modern economic structure. Nevertheless, the available evidence does not allow us to go so far as to claim that the city is really at Rostow’s maturity stage. A more correct stance is that the local economy is undergoing structural change with signs of developing preconditions for take-off and even early onset take-off, but not yet fully consistent towards maturity. This has the advantage of being more in line with observed facts, accounting for ongoing demands on production, slow growth in some areas and limited scope to turn economic activity into local revenue.

CONCLUSION

This study concludes that the economic development of Padang Panjang City is characterized by an ongoing and uneven transformation rather than a linear progression toward a single stage of Rostow's economic growth model. The city has moved beyond an economy dominated exclusively by primary activities, as demonstrated by the development of manufacturing, trade, services, tourism, livestock, and creative industries. Nevertheless, fluctuations in agricultural production, the relatively stable contribution of manufacturing, and persistent constraints in infrastructure, promotion, market access, productivity, and institutional capacity indicate that structural transformation remains incomplete. Therefore, the available evidence is insufficient to classify Padang Panjang definitively as having reached Rostow's maturity stage. The city more plausibly demonstrates overlapping characteristics of the preconditions for take-off and take-off stages, while retaining elements of its traditional economic base.

The study also concludes that local economic potential does not automatically generate higher local revenue The fiscal contribution of a sector depends on the extent to which economic activity creates formal transactions, local value added, taxable or retributable activities, and strong linkages within the local economy. Tourism illustrates this relationship: increasing visitor activity can stimulate hotels, restaurants, trade, transportation, and creative industries, but only part of this economic circulation becomes direct local revenue. Likewise, agriculture and livestock can generate substantial household income without producing proportional local revenueunless supported by downstream processing, formalization, and stronger local value chains.

Theoretically, integrating Rostow with the local economic development perspective provides a more appropriate framework for understanding regional transformation. Rostow helps identify the direction of structural change, while local economic development explains how assets, institutions, skills, entrepreneurship, and intersectoral linkages determine whether potential becomes sustainable value creation. Policy should therefore focus on sectoral integration, downstream processing, tourism value chains, infrastructure, business formalization, and institutional coordination. Such strategies can strengthen both local economic resilience and fiscal capacity.

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