

RURAL DEVELOPMENT through DECENT WORK

FOR GROWTH, PRODUCTIVE JOBS, INCOME, FOOD SECURITY, GOOD WORKING CONDITIONS, EQUAL OPPORTUNITIES, RIGHTS, VOICE, SUSTAINABLE DEVELOPMENT, CRISIS RESILIENCE



International Labour Office

Themes

Rural Policy Briefs

Boosting local economies in rural areas

Local Economic Development (LED), focusing on the unique characteristics and resources of a territory and the inclusion of a variety of local actors, is a winning approach for self-empowered, long-term development of even remote rural areas.

Facts and Figures

- Since the 1970s, regional and local governments are getting increasing say over development strategies.¹ As decentralization often pairs with democratization, public-private dialogue at the local level on local employment creation is gaining relevance.
- LED can be carried out in almost any rural area in the world as it is designed to adapt to local circumstances and priorities.
- Since the 1990s, ILO has promoted LED in 36 countries: 13 in Africa, 2 in Arab States, 9 in Asia, 6 in Europe and Central Asia, and 6 in Latin America.
- LED projects generate impact: for instance in Sri Lanka, the “Enter-Growth” project (2006 - 2009) has impacted 16,400 businesses (rising to 52,000 once interventions have impacted along value chains); has led to a near tripling of household incomes; and achieved a 15 percent increase in employment in four targeted districts.²
- LED projects also generate progressive approaches: in El Salvador, the Local Economic Development Agency (LEDA) of the Department of Sonsonate promoted a Centre of Entrepreneurial Services for women, which has allowed them to access business development services, but also to be better represented in local government.³
- Worldwide 68 LEDAs are members of the network, “International Links and Services for LEDAs, ILS-LEDA”.⁴



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Why action is needed

- Widespread growing inequalities within countries warrant a stronger focus on decentralization and more empowered and capable local public and private structures. This is particularly true in rural areas, where 75 percent of the poor live.
- The sheer physical distance and the economic and social differences that distance urban decision-makers from rural contexts lead to skewed national policies.
- The concentration of decision-making power in urban areas, particularly the capital, and the non-inclusion of representative rural organizations in policy-making processes often results in disproportionate resource allocations to the detriment of rural areas.
- Top down, centralized policies usually fail to accomplish their goals because they are not anchored in the rural reality on the ground.
- National policies on, for example, infrastructure or agriculture, often miss out on the multifaceted and interdependent situation in rural localities. For instance, increasing the productivity of farmers is possible only when broader framework conditions are also addressed, such as the effective use of natural resources, availability of roads and transportation, basic social protection, and access to finance.
- Decentralized approaches to policy design and implementation are likely to be more effective if based on: 1) better knowledge of real situations and constraints; 2) participation and thus strategies akin to the needs and demands of people; and 3) effective monitoring and evaluation.⁵
- Rural areas, especially in developing countries, have not been able to harness the potential of globalization largely due to bottlenecks in value-chains caused, for instance, by inadequate infrastructure. Refocusing at the local level helps to identify and address those bottlenecks.

Box 1

Local Economic Development (LED) is...

A participatory development process that encourages partnership arrangements between the private and public stakeholders of a defined territory, typically gathered in forums that enable the joint design and implementation of a common development strategy by making use of the local resources and competitive advantage, with the final objective of stimulating economic activity and creating decent jobs for all.

A Sequence of Phases:

1. Sensitizing and raising awareness of the LED Process
2. Carrying out a territorial diagnosis and an institutional mapping
3. Promoting and organizing a Forum of actors
4. Designing a LED strategy
5. Translating into Action the LED strategy with and by local actors
6. Assessing the LED interventions and feeding back the outcomes into local and national development policies.

- LED takes advantage of the territorial identity of rural areas as a development asset.
- Stakeholders operating in rural areas are often disconnected with one another, external actors and markets. LED can help foster broad-based local dialogue forums and public-private partnerships.
- Local governments require the support and team work of a wide range of rural stakeholders.
- LED provides a space for voice, representation, and commitment. It engages local government, local branches of trade unions, of employers' organizations and other more or less formal organizations of working people (such as cooperatives, small business associations, women's groups) in designing and implementing local employment strategies.
- LED builds the capacity of rural populations, particularly women, youth and disadvantaged groups that usually do not take part in decision-making.
- LED ensures local ownership and sustainability in rural development initiatives.

Policy options

Establishing LED-based rural development

- Opt for a territorial approach to promote rural development, taking a strategic planning approach based on promoting broad participation and coordination of actors in the territory; identifying, with these actors' direct implication, development axes for the territory, and making good economic use of the different assets.⁶
- Privilege LED, particularly in post-crisis contexts, to rebuild the local economy and local fabric in a mutually reinforcing way.
- Strengthen social economy enterprises and organizations, such as cooperatives, mutuels and associations. These forms of self-help organizations typically operate in rural areas that are underserved by the public sector and for-profit enterprises in areas such as basic services (water, energy supply) and social protection. Being firmly rooted in their community they are undeniable stakeholders in setting and implementing LED strategies.
- Build LED on particularly promising sectors and value chains, including both farm and off-farm activities with strong employment multipliers, such as tourism or agro-processing.⁷
- Promote local green strategies that reflect the specific impact of climate change and environmental degradation on rural economic activities, particularly those based on natural resources and raw materials.
- Design focused, mutually supporting interventions that aim at taking advantage of opportunities and addressing bottlenecks in a particular sector (e.g. construction, tourism) or in a specific value chain (e.g. dairy). This facilitates systemic changes in markets.

Setting up Rural LED Processes

- Identify the people, public institutions, economic and community organizations and other groups that have a role to play in the development of the specific rural locality.
- Organize a Forum with broad participation of those local stakeholders, including in particular youth and women, who while being engines of growth, are often marginalized in rural communities.
- Work with local government institutions to gain their support and involvement.
- Build capacity of local stakeholders, particularly disadvantaged groups, to fully grasp the LED process and play an active role in decision making.
- Make use of modern communication technology, wherever possible, for disseminating information and influencing exchanges among local stakeholders, to overcome the hurdles of geographical distances, transportation and seasonal business peaks typical of rural areas.
- Identify potential development axes for the territory, making good economic use of different local assets, such as the available natural resources and skills, as well as constraints, such as limited infrastructure.
- Facilitate the development of a vision that is agreed by all stakeholders, with clearly defined objectives, a strategy and programmes and projects to meet those objectives.
- Make rural stakeholders fully in charge of monitoring and evaluation phases too, and of refining strategies and interventions accordingly.
- Embed rural LED strategies within the broader national policy framework, as LED cannot be effective in isolation. This enables a better coordination and allocation of national development resources to priorities in rural settings. Moreover, the local-national policy connect allows for up-scaling of LED initiatives through more conducive national LED policy frameworks.





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Box 3

LED in Ghana: national policy impact and lessons learned

LED interventions in Ghana (2002-2011) have contributed to poverty reduction by addressing decent work deficits in micro- and small enterprises in the informal economy, and by enhancing the employability of low-income women and men, especially youth. Its objective to mainstream LED strategy in national and district policies began with the creation of self-sustaining LED Forums with clear potential to address local decent work deficits in eight participating districts.

Success at the local level resulted in the creation of a national LED commission, the preparation of a national LED policy, and making LED part of the training curriculum for local government officials.

Key lessons from the Ghanaian experience include:

- ◆ Emphasizing capacity-building more than direct funding can enhance the long-term impacts of LED
- ◆ Embedding LED forums within local government structures can enhance both the financial sustainability and the policy impacts of LED
- ◆ Ensuring the coincidence of LED programmes initiated by a range of development partners can facilitate the emergence of an informed debate and help create a national consensus around LED
- ◆ Working within national norms and values can enhance the direct impact of LED and encourage local and national ownership.

Source: Tijnstra, Sylvia, *Up-scaling Local Economic Development: Lessons from the Ghana Decent Work Programme* (ILO: Geneva: forthcoming).

ILO's Role

- The ILO has been using the LED approach since the 1990s, especially in crisis-affected and rural areas, reaching some 36 countries worldwide.
- LED provides an operational framework for the four dimensions of the ILO's decent work agenda, employment, labour rights, social protection and social dialogue, combining them in multidisciplinary, integrated approaches.
- ILO member States increasingly apply LED as an integrative strategy to implement the decent work agenda at sub-national level. Over 13 countries from 3 regions (Africa, Asia and Latin America) have identified decent work objectives that make reference to LED and rural enterprise development.⁸

Box 2

Promoting LED-based green jobs in Indonesia

An ILO LED programme in Indonesia, Job opportunities for young women and men (JOY) (2007 – 2010), emphasized sustainable enterprise development, employment-intensive investment programmes, skills development and financial access for the working poor in the province of East Java.

Public-private LED Forums were set up to identify and better valorize local economic potential, which acted as a starting point for a bio-gas initiative. This initiative is a direct answer to the increase of fuel prices, which had led to increasing poverty during recent years in East Java, especially for the self-employed, traders and landless farmers. It also enhanced agricultural productivity and reduced dependency on chemical fertilizers while simultaneously increasing product quality.

Strong private sector involvement, especially full involvement of local companies and cooperatives in the construction and maintenance of bio-gas plants, has also allowed generating employment and transferring necessary skills to sustain operations.

Source : *Employment-intensive Growth for Indonesia: Job Opportunities for Young Men and Women (JOY)*, Available at http://www.ilo.org/jakarta/whatwedo/projects/WCMS_116120/lang--en/index.htm

- ILO makes social partners key actors of LED.
 - ◆ Both workers' and employers' organizations have a special interest in getting involved in LED because interventions will benefit the work and livelihoods of their members and that of their families. More specifically, LED offers them an opportunity to be part of institutional forms of participation and social dialogue such as LED forums, value chain development facilitation groups or project steering committees
 - ◆ Workers' organizations can, among others, raise awareness and campaign for better working conditions, respect for workers' rights and voice other labour concerns (access to basic services, equality, etc.); improve information and more systematic communication on the conditions of the local labour market; reach out to unorganized workers and demonstrate the benefits of collective action; and increase representation and membership through direct adhesion and alliance building
 - ◆ Employers' organizations and their members engaged in LED can improve the local business enabling environment, stimulate the local economy, provide membership services to local business, and attract new business investment
- The ILO organizes country-specific as well as international training programmes, conferences and knowledge sharing events on LED, often in partnership with the International Training Centre in Turin, the OECD, other UN agencies and development organisations.
- The ILO has also facilitated the creation of a community of LED practitioners around the platform: www.ledknowledge.org

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Box 4

LED in Nepal: Peace through economic growth and jobs

An ILO project in Nepal (2006 - 2010) promoted peace through economic growth and job creation in two districts that had long suffered from conflict, had significant shares of landless and other marginalized groups, strong emigration, and weak capacity for planning, coordination and implementation of pro-poor development initiatives. The project tackled these challenges with a locally-driven, participatory and integrated approach which included:

- ♦ An inclusive LED Forum in each district enabling local public-private dialogue to design, coordinate, facilitate and monitor a pro-poor strategy and initiatives to implement it
- ♦ Skills development to participate in social dialogue and to access productive jobs
- ♦ Productive local infrastructure to facilitate market access
- ♦ Effective market linkages for local tourism and agribusiness

This resulted, among others, in the development of two tourism trails centered around the production of unique artisan cheese, involving the indigenous community through home stays, guides, and locally produced goods.

For more information go to:
http://www.ilo.org/kathmandu/whatwedo/projects/WCMS_112924/lang--en/index.htm



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¹ Rodríguez-Pose, A. and Tijmstra, S.: *ILO Sensitizing package on LED, Module 1* (Geneva: 2005)

http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/instructionalmaterial/wcms_112302.pdf

² ILO: *Final Evaluation of the Enter-Growth Project* (Geneva: 2009), and ILO: *Enter-Growth Impact Survey 2008/2009* (Geneva: 2009). Incomes and employment have increased generally in other parts of the country as well (although by less), so attribution is difficult.

³ Urbina, W.: *ILO LED story on the Centre of Entrepreneurial Services for Women (SEM) project*, http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---led/documents/publication/wcms_108591.pdf

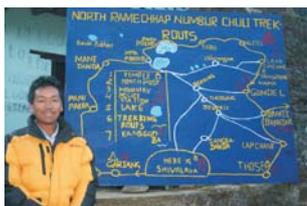
⁴ *International Links and Services for Local Economic Development Agencies*, 2011, www.ilsleda.org

⁵ World Commission on the Social Dimension of Globalization: *A fair globalization: creating opportunities for all* (Geneva: ILO: 2004), p.68.

⁶ ILO: *Promotion of rural employment for poverty reduction*, International Labour Conference, 97th Session (Geneva: 2008), p.121.

⁷ *Ibid.*, p.124.

⁸ ILO: *Strategic Policy Framework 2010-2015*, Governing Body, 304th Session (Geneva: 2009).



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Links

- 📄 ILO's LED programme: www.ilo.org/led
- 📄 Knowledge-sharing with LED practitioners from across the world: www.ledknowledge.org
- 📄 Training programmes on Enterprise, Micro-finance and Local development by the International Training centre of the ILO in Turin: <http://emld.itcilo.org/en>

Tools

- ♦ ILO: *Gender Mainstreaming in Local Economic Development strategies. A guide* (Geneva: 2010), Available at http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---led/documents/publication/wcms_141223.pdf
- ♦ Centro Internacional de Formación, *Desarrollo Económico Local + Empleo. Material para promotores* (ILO: Turin: 2008).
- ♦ ILO: *An operational guide to Local Value Chain Development, Enter-growth* (Colombo: 2007), Available at http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/instructionalmaterial/wcms_101319.pdf

- ♦ ILO: *Sensitizing package on LED* (Geneva: 2005), Available at http://www.ilo.org/empent/Publications/WCMS_112301/lang--en/index.htm

Other Materials

- ♦ ILO: *LED stories* (Geneva: 2010), Available at http://www.ilo.org/empent/Publications/WCMS_123766/lang--en/index.htm
- ♦ ILO-OECD: *Routes out of the crisis - strategies for local employment recovery, skills development & social protection in Asia*, ILO-OECD Meeting Report (ILO: Geneva: 2009), Available at http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---led/documents/meetingdocument/wcms_124344.pdf

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