

Livelihood And Employment Creation

Local economic development

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First published 2005

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ILO

International Labour Organization, 2005

“ILO Guides on Livelihood and Employment Creation ILO's recommended management and policy options for employment friendly reconstruction in Sri Lanka”

Local economic development

ISBN 92-2-117348-8

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This document is an output of the ILO's InFocus Programme on crisis Response and Reconstruction, designed and printed by ILO office in Sri Lanka

PREFACE

Proposal of short Operational Guidelines¹

This collection of short guides describes a number of activities (based upon labour, enterprise and business development, training and local area development) that will contribute to the promotion of both social and economic recovery and livelihoods. Each activity is explained, and 'why', 'how', and 'when' (or when not) to implement them is outlined in a brief guide.

A. Why these guides

These guides provide a practical introduction to employment and business-related interventions. They are written for humanitarian and development field workers working on the promotion of self-reliance and livelihoods of displaced populations and other conflict-affected communities. They highlight opportunities and limitations of different relevant ILO approaches and methodologies for socio-economic empowerment through employment-oriented strategies. They should help field staff decide the suitability and feasibility of adopting these approaches in their particular operations; and will also help identify any need for specific ILO expertise to support relevant UNHCR operations.

These guides will not substitute technical expertise in the field; rather they are programming and decision-making guidelines that will help programme and technical staff oversee the design and implementation of relevant activities. Further technical training or partnerships should be developed as appropriate.

The subjects can be divided into three major categories:

'Cash for work', 'Food for work', 'Labour-based infrastructure reconstruction' and 'Community contracting' belong to the first. These three areas concentrate on the creation of temporary jobs that can inject cash into a community rapidly. These jobs are not meant to provide sustainable livelihoods, but are designed to revive the local economy, provide a boost to household economies, either in refugee hosting areas or in the reconstruction phase of a post-conflict situation, in order to create the means for further development.

¹ These short guides were elaborated by Maria Lazarte G. to be included in the UNHCR Self reliance Manual and have been derived from consultations with ILO technical departments and based on their relevant publications.

The second category includes micro- and small-enterprise development and its subsections: 'Microfinance', 'Business development services', 'Start and improve your business' and 'Women entrepreneurship development'. This group concentrates on building sustainable self-employment, and on micro- and small-enterprise support and development.

The last group contains general strategies that can be used in combination with strategies above in order to promote individual and communal economic development. These include 'Emergency public employment services', 'Skills-training', and 'Local economic development'.

A. Who should use them

These guides are written for middle managers, national and international field experts and associated partners.

B. How should they be used

The guides comprise of a combination of briefings and a compilation of major relevant ILO tools on each subject.

The guides provide decision-oriented information on each area, and expansive methodological guidelines as well as a reference to an additional online bibliography and contact information for further resources and technical help.

The guides are divided into the following sections:

- A brief summary of each strategy ('what is').

- Its main advantages ('why implement')

- Information on when to implement each strategy ('when to')

- Warnings ('when not to implement').

- Problems and challenges to consider before and during implementation ('problems/challenges').

- Basic steps or different forms of each particular strategy, and some recommendations to consider during the implementation of each strategy ('how to').

C. Contents

There are twelve guides

Building a basis for employment and enterprise development

1. Vocational and skills-training
2. Local economic development
3. Public employment services

Short-term employment options

4. Cash-for-work
5. Food-for-work
6. Labour-based infrastructure projects
7. Community contracting

Business development options

8. Micro and small enterprise promotion
9. Microfinance
10. Business development services
11. Start and improve your own business
12. Women entrepreneurship development

Local economic development

A. What is Local Economic Development (LED)

Local Economic Development (LED) is a participatory development process that encourages partnership arrangements among the main private and public stakeholders in a locality. The objective is to enable the joint design and implementation of a common development strategy, using local resources and competitive advantages in a global context. The ultimate goal of LED's is to create decent jobs and stimulate economic activity.

In crisis contexts LED is to bridge-the-gap between relief and development through reintegration, rehabilitation and reconstruction investment efforts. Its aim is to re-build the local economy and society by supporting business capacity, generating jobs and maximizing local resources.

In refugee contexts, LED would contribute to peaceful coexistence between refugees and hosts in asylum conditions, and among returnees, IDPs and locals in return and reintegration situations. LED would constitute the basis for self-reliance and would therefore contribute to the search for durable solutions for refugees, whether in asylum or in return situations.

These objectives are accomplished through consensus and partnership between public and private agents working together, with a common design, towards a shared development strategy - contributing to reconciliation by raising common goals and visions in fragmented societies, and promoting economic inclusiveness for the disadvantaged.

The LED approach integrates locally the economic, social, political and institutional aspects of development. It provides context-specific solutions based on place, culture, economic potential and political circumstances, as well as in the social and institutional environment.

B. The principles of LED

Participation and social dialogue

Participatory mechanisms to promote social cohesion through local awareness, consensus building, institutional partnerships and networking of capacities, ensure sustainable growth. LED seeks to provide a voice to all local actors, including those with special needs (women, refugees, IDPs, youth, etc.).

Private/public partnership

Cooperation and coordination among all agents, both public and private, establish the legitimacy and sustainability of the development process and contribute to restoring institutional confidence.

Territory

A LED programme should profit from local experience and knowledge of available resources and assets, and on communal needs, by drawing on mutual interests and priorities,

¹ UNHCR durable solutions framework promotes Self Reliance of refugees, and development of refugee-hosting areas in preparation for local integration or repatriation/reintegration of refugees.

traditional forms of cooperation and cultural understanding. Greater social, economic and political interaction resulting from proximity can be directed to facilitate dialogue among local actors and various community groups, and promote social cohesion and trust. A decentralized strategy relies less on central authorities and institutions (which are often weak, affected by the crisis or removed from local interests), but helps create a strong representative local voice.

LED promotes the following elements:

Social and political development - building from existing institutions, stimulating representative political participation in decision-making, promoting social dialogue and cooperation, developing the process of institutionalization, and encouraging private/public partnerships

Economic development - promoting social inclusion, poverty alleviation, greater social and political stability and innovation

local development - building common interests, self regulation and knowledge, strengthening the intensity and frequency of interactions, and enhancing the likelihood of tapping into national and global decision-making structures.

LED strategies are adapted to frail post-conflict contexts, and can work predominantly with the informal sector.

C. Why promote LED?

Post-crisis contexts produce both threats and opportunities for social reform. Issues such as social inclusion and environmental conservation should form an integral part of humanitarian and development assistance from the emergency stage.

LED seeks to enable the local economic environment in order to establish a base for the sustainable socio-economic (re)integration of groups affected by crises. Conflicts can lead to considerable damage to the physical, natural and 'human' resources of an area affecting property, machinery, and financial and marketing services that will slow down or stop production. Communication centres may also be damaged, isolating an area from suppliers and customer networks. Interrupted media, telephone and other national and international communication systems disconnect a locality from the outside world at a stage when external input is most important. Banks may refuse to provide credit for lack of communication, and competition and cooperation among enterprises will also suffer. Moreover, a loss of human resources means, among others, a loss of technical knowledge, marketing and entrepreneurial expertise, and of links with supplier and customer networks. Furthermore, in an environment of crisis, disappointment, divisions, mistrust and animosity are rampant, making the task of reconstruction even more difficult.

A system based on transparency and accountability will rebuild trust and confidence-strengthening local institutions and local frameworks, and encouraging participatory decision-making processes where all local stakeholders (including the most vulnerable) have a voice. Working and participating together around the common goal of local development and/or reconstruction will bring hope, self-respect and collaboration. This will also build a lasting peace.

D. When to promote LED

LED is most likely to succeed: in post-crisis contexts, once planning begins on reintegration, rehabilitation and reconstruction activities; in areas with a fragile economy and a divided environment, where there is a need for social dialogue; and in refugee hosting areas of developing countries.

E. When not to promote LED

It is important to ensure that before the LED forum starts it relies on a fair balance of representative actors and there is no dominance of one group over another. If this is not the case then it is necessary to concentrate on activities aimed at addressing these differences before the LED forum takes place, otherwise the process can end in failure.

F. Problems/Challenges

Trust, coordination and collaboration are crucial for the success of LED, yet these might be difficult to attain in a post-conflict scenario. In these circumstances LED can introduce small specific 'entry' activities to facilitate the formation of links between institutions and organisations. These will also promote LED principles, strategy and organisation.

In order to ensure the financial sustainability of the LED process it is important to rely on local stakeholders. Only establish new and larger technical units if necessary to ensure unity, coordination and effectiveness of partners.

G. Partners/Targets

Targets

In Local Economic Development the 'local' is determined as an area small enough to: be able to achieve coordination and consensus among local actors; pursue a joint strategy; and decide implementing measures with relative ease: But big enough to: have an economic, political and institutional potential sufficient to carry out a successful LED; to lobby at government level; and compete internationally.

ILO, UN agencies, NGOs, donors, relief and development agencies.

Forum (see forum stage):

Members should include: the local government; international and national development agencies; NGOs; private foundations; community based organisations; local economic and trade bodies; village elders; and group representatives. A LED expert for consultation should also be present.

Once consensus is reached, the next steps should be followed jointly with the forum as an implementing agency, or where this is not possible with the appropriate government department or agency.

H. How to promote LED

Steps

1. **Territorial diagnosis.** Rapid needs-assessment of pressing issues and potential actions; institutional mapping, and research and analysis of the socio-economic situation.
2. **Sensitizing.** Encouraging awareness of socio-economic problems and issues in the locality, and establishing a sense of ownership for the LED process.
3. **Promoting a forum.** Initiate a forum (that includes all public and private actors, and a LED expert) to answer questions, provide information and provide recommendations. This will provide a basis for: sharing views and opinions on LED to increase understanding of policies and technical areas; assessing the potential of the approach; identifying practical solutions, resources and possible synergies; formulating a LED strategy and building consensus around it; and ensuring its effective coordination, monitoring and implementation.
4. **Designing a LED strategy.** Prepare a reference document for interventions.
5. **Establishing coordination/implementation structures.** Coordinate reconstruction and implementation within the framework of LED by establishing institutional mechanisms such as Local Economic Development Agencies (LEDA) where necessary.
6. **Actions.** Implement LED strategic priorities in the areas of business services, micro-finance, skills-training, planning, groups with special needs, investment promotion, and environmental consciousness.



In order to guarantee the success and sustainability of LED it must rely on representative actors (local and national authorities, grass-root organisations, producers, workers, etc.) and a fair partnership between them. Social legitimacy depends on broad support for economic activities that reach different actors - including the most vulnerable.

The institutionalization of the LED process can guarantee its sustainability, and this should be decided during the forum stage. At this stage it should also be determined whether a LEDA is necessary.

(LEDAs are professional institutions that identify and support income-generating projects and organize the technical and financial resources necessary for these activities.)



A LEDA is not necessary if there is another institution that local actors recognize as a possible legitimate leader for LED, or when there is a balanced network of the different local actors that could self-coordinate and allocate the tasks fairly.

For more information on LED and how to implement it see the LED operational guide:

-  Local economic development in post-crisis situations : operational guide. Gasser, Martin, Salzano Carmela, Di Meglio Roberto, Lazarte-Hoyle Alfredo. ILO, InFocus Programme on Crisis Response and Reconstruction. International Labour Organisation, Recovery and Reconstruction Department. Geneva: ILO, 2003.
-  *Applying the comprehensive LED approach - The case of Mozambique*. Boekel van, Geert; Logtestijn van, Marjon; ILO Local Economic Development Programme 2002, International.

Labour Office, Cooperatives Branch. Geneva: ILO, 2002

For more information on the LED approach see: '

-  *The role of the ILO in implementing Local Economic Development strategies in a globalised world*. Rodríguez-Pose, Andrés. ILO Local Economic Development Programme; International Labour Office, Cooperatives Branch Geneva: ILO, 2002
-  'Local Economic Development in Post-Conflict situations' by Lazarte, A. in *Jobs after war, a critical challenge in the peace and reconstruction puzzle*. Ed. Date-Bah, E. ILO, InFocus Programme on Crisis Response and Reconstruction. International Labour Organisation, Recovery and Reconstruction Department. Geneva: ILO, 2003.

Links:

www.ilo.org/led

ILO contacts:

Skills and Employability Department (IFP/SKILLS)
Employment Sector
International Labour Office - 4 route des Morillons
1211 Geneva 22
Switzerland
Tel: +41.22.799.7512
Fax: +41.22.799.6310 or 8573
Email: ifpskills@ilo.org

Project Adviser/SIYB Project
International Labour Office
202-204, Bauddhaloka Mawatha
Colombo 7
Sri Lanka
Tel: 0094122-592525
Fax: 0094122-500865
Email: colombo@ilo.org
Website: www.ilo.org/colombo