



Local Economic Development in Argentina



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Labour Insertion and Enterprise Promotion: Activating Development

Under the banner of “Development, Education and Labour,” the city of Rosario, in Santa Fe, Argentina, has implemented a programme designed to boost the local economy by supporting labour insertion and promoting small enterprises. This story shows how a comprehensive programme not only counteracts the effects of an economic crisis but also provides the foundation for the sustainability of future local economic growth.

Project Facts

Title:
Integrated Support Programme for the Reactivation of Employment in Argentina (AREA)

Duration:
April 2004- November 2008

Donor:
Italian Government

ILO Units:
ILO National Office Argentina; CRISIS

International Partner:
Italia Lavoro, Government of Italy

National Partner:
Ministry of Labour, Employment and Social Security

Location:
Provinces of Catamarca, Cordoba, Mendoza, Santa Fe, Gran Buenos Aires, Mar del Plata, Río Negro

Objectives:
To support the Ministry of Labour, Employment, and Social Security (MTEySS) in the process of innovation of active employment policies; to support MTEySS in improving employment services and professional formation of the working population; and facilitating the implementation of strategies for local development integrated with employment policies.

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The economic crisis of 2001 had a profound impact on the **productive structure** of Argentina. At the local level, many businesses had to close their doors. Those that managed to survive had to reduce staff, go into debt or search for creative enterprising solutions. Unemployment and underemployment rose as a consequence of the unravelling of the productive fabric and an extended period of recession.

In response to the need of strategies to **further the recovery of the local economy**, the ILO, along with the Italian State Agency *Italia Lavoro* and the financial support of the Italian Cooperation, implemented the Integrated Support Programme for the Reactivation of Employment in Argentina (AREA).

The principal aim of the Programme since its inauguration in 2004 has been to support the

Ministry of Labour, Employment and Social Security in putting into action its active employment policies, thereby **boosting the local economy**.

Box 1

¿What is an active employment policy?

An active employment policy is that which is designed to stimulate the creation of employment and improve the opportunity and skills of the least favoured groups so that they can enter the labour market. Active employment policies can aim at three facets: training and skills upgrading; the direct creation of employment and support to new business initiatives; and the development of systems of adjustment to the labour supply and demand so that the encounter between the two is improved.

The city of Rosario, located in the province of Santa Fe in the northeast of Argentina, was one of the cities that was most affected by the crisis.



AREA has collaborated there with the Municipality to implement the Programme “Development, Education and Employment,” which focuses on fostering **labour insertion** and **enterprise promotion** through a strategy of local economic development involving public and private actors.

The two initial questions the Programme aimed at addressing were, firstly, how to implement an efficient and effective employment strategy without desegregated data about the local market and, secondly, how to improve labour insertion.

To this end an information system was created that would make it possible to collect detailed, strategic information both about the local industrial system and the provincial labour market. The information system launched the **System of Metropolitan Information (SMI)**, whose principal function is the systematization of relevant information to promote local entrepreneurship. The data, systemized and analyzed by economists, political analysts and statisticians, have been made available online at www.sim.org.ar.

On this website local actors can find information about the general characteristics of the market, facts and figures and export possibilities, characteristics of the local infrastructure, technological advances and activities related to the promotion of enterprises, and investment opportunities among others. The

SMI has produced two bulletins to date with territorial information, performed various analyses of different economic sectors and carried out surveys with institutional leaders and entrepreneurs. Furthermore, a number of reports on research projects have been prepared and distributed to inform the local entrepreneurs about factors that might increase their business opportunities.

To complement this information and ease job placement, an **Observatory of Territorial Employment** was launched, which aims at producing desegregated information about the territory’s labour market. The collected information contributes to the decision- making process of actors in the **public and private sectors** by better informing them about the characteristics of supply and demand of the regional labour force. An annual assessment has been initiated for the city of Rosario and in the future a similar process for every city of the region is envisaged.

The collected data are not only useful for the local actors but are also important for designing more effective **training courses**, which are implemented in the framework of the strategy of local economic development. The training courses contribute to the labour insertion of the different groups of unemployed men and women. The innovative aspect is that their design and implementation was made possible thanks to agreements reached between business

chambers and associations, labour unions, educational and training institutions and the local government.

The collaboration between employers, workers and the government, as well as the pedagogical support provided by local educational institutions, made it possible for the courses to be designed along the lines of the professional profiles required by businesses in the region, which increments the possibility of labour insertion of the graduates. In 2006, the Programme, which already consisted of 80 graduates, focused on courses of computer literacy, crucial in today's business world. In 2007, 75 training courses were initiated for some 3,000 individuals, following the occupational profiles of 14 productive sectors.

Also to improve job placement and employment recovery, two new employment offices were inaugurated in the region, one in the General Confederation of Regional Labour in Rosario (CGT) and another in the Business Association of Rosario, which also contribute to **institutionalize social dialogue**.

To complement the efforts to improve job placement, the Integrated Programme of Local Entrepreneurs (PIEL-ADERR) was created to advance **enterprise promotion**. The Programme focuses on strengthening the creation and development of productive enterprises through the provision of **technical assistance**. The principal support

PIEL offers to the micro and small entrepreneurs is to better orient the search and detection of opportunities by:

- providing assistance in the analysis and diagnosis of their needs
- defining and implementation of strategies for developing their enterprises.



Closing Session of the Programme PIEL, Rosario, 2007

Even more importantly, the PIEL programme supports and promotes the building of **Entrepreneurship Networks**. Furthermore, training and support is made available for the **exporting activities** of the MSEs, which are given assistance with their first exports. As part of the Programme, around 180 small entrepreneurs have been able to participate in the best business fairs of the region, as well as international seminars and business rounds organized by the National Business Network. All these events allow them to increase their possibilities for networking, accessing new markets and participating in more support programmes.



Through this integrated strategy the Programme has contributed to the strengthening of the productive structure of the region and has stimulated the development of products with territorial identity.

With an eye to the future, the Programme launched the Degree in Local Development with Emphasis on Employment. This Programme, which figures as part of the local economic development strategy, helps to form promoters knowledgeable of the productive realities of the region and who in the future will contribute to support local economic development strategies.

Lessons Learned

Information as a point of departure. One of the challenges that the local actors face is how to give an effective answer to sudden changes in the market. Having informational systems dedicated to collecting information and articulating related initiatives make possible a more efficient use of resources. Moreover, the collection of information and data about the local productive linkages as well as the characteristics of the local

labour market is crucial for planning strategies that can make the region more competitive.

Building capacity at the local level. The success of a local economic development strategy depends not only on the commitment of the local actors to the process. Even more important is their ability to plan, implement and continue the strategy, pointing it in a new direction when circumstances demand it. In the case of Rosario, the transmission of knowledge and technology to local stakeholders has been crucial to build capacity and to provide sustainability to the local economic development process.

Comprehensive collaboration. Three values emerged from the collaborative experience of local stakeholders: acceptance that both public and private actors are responsible for territorial development; that trust among them plays a central role in the construction of social and human capital; and that a comprehensive strategy is required to tackle different elements and to complement the efforts made in each one of them.

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More info on Local Economic Development at the ILO

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