

**TITLE: LOCAL DEVELOPMENT AND DECENT WORK
APPROACH – AN OVERVIEW****Objective**

This Tool presents an overview of the Local Development and Decent Work approach, on which this whole Resource Kit is based. Every user of this Kit should go over this Tool.

The topics covered by this Tool are:

- Why a local focus?
- Why focus on work?
- Why the emphasis on “decent work” and what is it?
- How does “decent work” contribute to local development?
- What are the phases of the local development process?
- What are the “decent work” aspects of each phase of the process?

Keywords

I. Why a “local” focus?

Local regions - springboards of the development process

Macro economic and social factors and policies are critical for national development but the sub-national territorial dimensions of development should not be overlooked.

National development is strongly shaped by processes that occur on the ground, within specific geographical regions of the country. The local context – political power, social institutions, organizations and networks, culture, norms and values, culture, the economic order – make a difference. As a result, development in a particular country is always characterised by significant variations from one place to another.

Even in the context of globalization, local development has become critical. Although products, resources and capital can be sourced more easily now than before from any part of the world, the **location** of economic activity has grown in importance. An evidence of this is that only a restricted number of subnational regions scattered across the continents are actually involved and effectively integrated in global production systems and world trade, resulting in uneven spatial development and income inequalities between regions within many developing countries.

This is further manifested by the emergence of super-agglomerations (city-regions) all over the world in the last few decades. These agglomerations are dense masses of interrelated economic activities with typically high productivity levels, growing faster than other areas of the national territory and generating the bulk of high-earning employment. They are locomotives of national economies whether of advanced or less-developed countries.

Large-scale agglomerations, such as city-regions, achieve productivity gains, not only because of well-developed infrastructure but also due to the dynamics of backward and forward inter-linkage among firms, the dense local labour markets, and the relationships, habits and social networks (social assets) through which knowledge, learning and innovation are created and shared. The advantages available to all firms and workers from being part of a local agglomeration are bigger than the sum of each one's gains, and promote a cycle of ever-increasing advantages for the region. Firms realise productivity gains and high flexibility in their internal and market operations from having easy access to different suppliers and buyers, direct access to large pools of diverse and specialised skills, and face-to face contacts that facilitate communication, mutual confidence and trust. Workers realise income-raising gains from rapid search and rehire processes, which are made possible by proximity of many potential employers and which could compensate for high job turnover, and from dense opportunities for new learning and skills.

Aim nationally, act locally

The ability of countries to attain higher levels of growth, compete globally, and achieve a better quality of life is very much dependent on the capacity and potential of

their subnational regions to attract, breed and sustain expanding production and livelihood systems.

It is therefore important to give attention to the development potentials of sub-national regions. Macro development strategies need to be accompanied by policy instruments that address development issues from a bottom-up, locally defined perspective.

Regional development policy is especially important in countries where disparities between regions are fairly marked that these imbalances cannot be overlooked both from the point of view of attaining equity as well as social cohesion.

The development of regions, considering their growth potentials, would help promote sustainable growth of the national economy through a more rational population distribution, increased employment opportunities and enhanced productivity.

“Free market forces” would not be sufficient to promote development at sub-national or local level. Reliance on markets alone could lead to the under-supply of important conditions for maximising the collective advantages and potentials of any given region.

Local level policy interventions or public action by local governments, civic associations, public-private partnerships and/or other institutional arrangements may be necessary for the following:

- Ensure the adequate provision of certain “public goods” which are critical conditions for local economic development, such as skills training, labour market information, technological research, and minimum level of social and income security
- Discourage or stop negative practices that may be hazardous for the whole region, such as emergence of low-trust or conflictual relations between manufacturers and subcontractors or between employers and workers, bad product quality which could reflect on the area’s reputation, and exploitative labour practices which generate short-term gains for one firm.

Because these policy interventions are oriented towards the coordination of local production systems and common goods, they call for a high degree of social and political engagement in which firms, workers, and other stakeholders are brought into meaningful public debate about the issue and preferred collective outcome.

People’s participation and local governance

The emphasis on people’s empowerment and participation, especially of people living in poverty, has also reinforced the role of sub-national institutions in national governance and the focus on local development. For example, the current poverty reduction policy frameworks (PRSP) being applied by the World Bank and the International Monetary Fund in “highly indebted poor countries” (HIPC) have to apply a broad-based people’s participation process.

Governance is defined as: “the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector.” It is a way a society organises itself to make and implement decisions – achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations. It is the rules, institutions and practices that set limits and provide incentives for individuals, organizations and firms.

And decentralisation of government systems

The scope and magnitude of decision-making power and autonomy of local governments, local policy makers and stakeholders are determined by the extent of decentralisation that has taken place in the country. In many developing countries, government systems are being reformed in favour of decentralised structures and devolution of powers and resources from central agencies to sub-national bodies.

Decentralisation refers to “the restructuring or reorganisation of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities of sub-national levels.” (UNDP definition from Work, *ibid.*) The concept of subsidiarity proposes that functions or tasks be devolved to the lowest level of social order that is capable of completing them.

Decentralisation and strengthening of local governance institutions have been expected to lead to:

- more transparent and accountable decision-making
- direct participation of people in decision-making, hence creation of solid social
- improved efficiency in the delivery of services
- better targeting of poverty-reducing investments and transfers
- increased mobilization of resources for the local area

Which form or nature of decentralisation is appropriate and effective is the subject of ongoing debate and analysis. Decentralisation has taken many different forms in different countries at different times, and even exactly the same variety of decentralisation may have different effects under different conditions. This is because countries differ in history, traditions and their own institutional, political and economic context.

Local-National coherence and coordination

While local policy interventions and a bottom-up perspective are critical for regional and national progress, there are risks associated with sub-national, regional actions.

- Competition among regions could result in irrational wars over investment and subsidies, poaching another region's resources, and downgrading labour and social costs to entice investors.
- In the absence of information about other regions, regional policy makers could be duplicating resource allocations in the same "growth industry".
- Isolated attempts to strengthen specific regions or agglomerations may intensify income disparities and dilute other efforts to equalize regional income distribution.

These risks point to the equally important issues of policy coordination and coherence between central and regional policy, regulatory oversight, and appropriate spatial distribution (decentralization) of political power between central authority and sub-national units.

II. Why focus on work?

Work is an important part of people's lives.

People and their aspirations about their working lives should guide the choice of local development strategies.

Work is central to human existence and survival. Work can take many forms: paid and unpaid, wage and self-employment, formal and informal. It refers to any means of making a living.

Through work, individuals, families and communities obtain the means to meet their needs, make their dreams come true, and improve their lives. Income from work empowers people to make choices. Work responds to, and integrates the economic and social needs and aspirations of people and communities. (The term "economic" might often refer to production, income, wage, investment and markets. "Social" might often be used to refer to health, education, quality of life and equity. In reality, the "economic" and "social" dimensions of people's aspirations and human development are not mutually exclusive but are closely interwoven.)

Work is a strategic way out of poverty. Investment and economic growth leads to sustainable poverty reduction if it creates opportunities for decent employment for many people. Although public support and social assistance (cash transfers, food subsidies, etc) help poor families and individuals meet their basic needs, these are not sustainable means of lifting people out of poverty, and these perpetuate dependence and poverty.

Why "decent" work?

Having work is not enough. Not any kind of work is good for local development. Some work trap people in cycle of poverty and deprivation.

A most glaring example is that most poor people work. Their problem is not “unemployment” per se but low earnings and insecure, irregular employment and income, which force them to work extremely long hours and on multiple jobs, fall into huge debt that they can pay only with their labour, allow their young children to work for pay, or accept jobs even on unfair terms. Some work under very unhealthy, unsafe or inhuman conditions, or are treated unfairly.

“**Decent Work**” is a term that sums up people’s aspirations for:

- Adequate income
- Secure income
- Economic means for health care and emergencies
- Some savings, a pension or insurance for old age
- Enough time after work for the family
- Health and safety
- Fair and just treatment at work
- Dignity and respect

In any country, everybody would have a notion of what is a good or decent quality of work, and would most probably have a national or local term for it.

The International Labour Organization coined the term “decent work” in 2000, and has since used this concept as a framework for supporting people’s aspirations in 175 member States.

The Diagram “**Decent Work Circle**” illustrates the different dimensions of work that make a particular job, livelihood or economic activity of “decent quality”. The nature and qualitative aspects of a person’s job or livelihood determine the quality of life of that person and his or her family.

Work consists of four pillars: employment, social protection, social dialogue and fundamental rights at work, which are inter-related and affect or reinforce each other.

Employment

- Having a job or a source of livelihood
- Income that is adequate and secure, regular

Social protection

- Security of income
- Access to minimum health services
- Means to meet emergencies and needs in spite of loss of income

Social dialogue

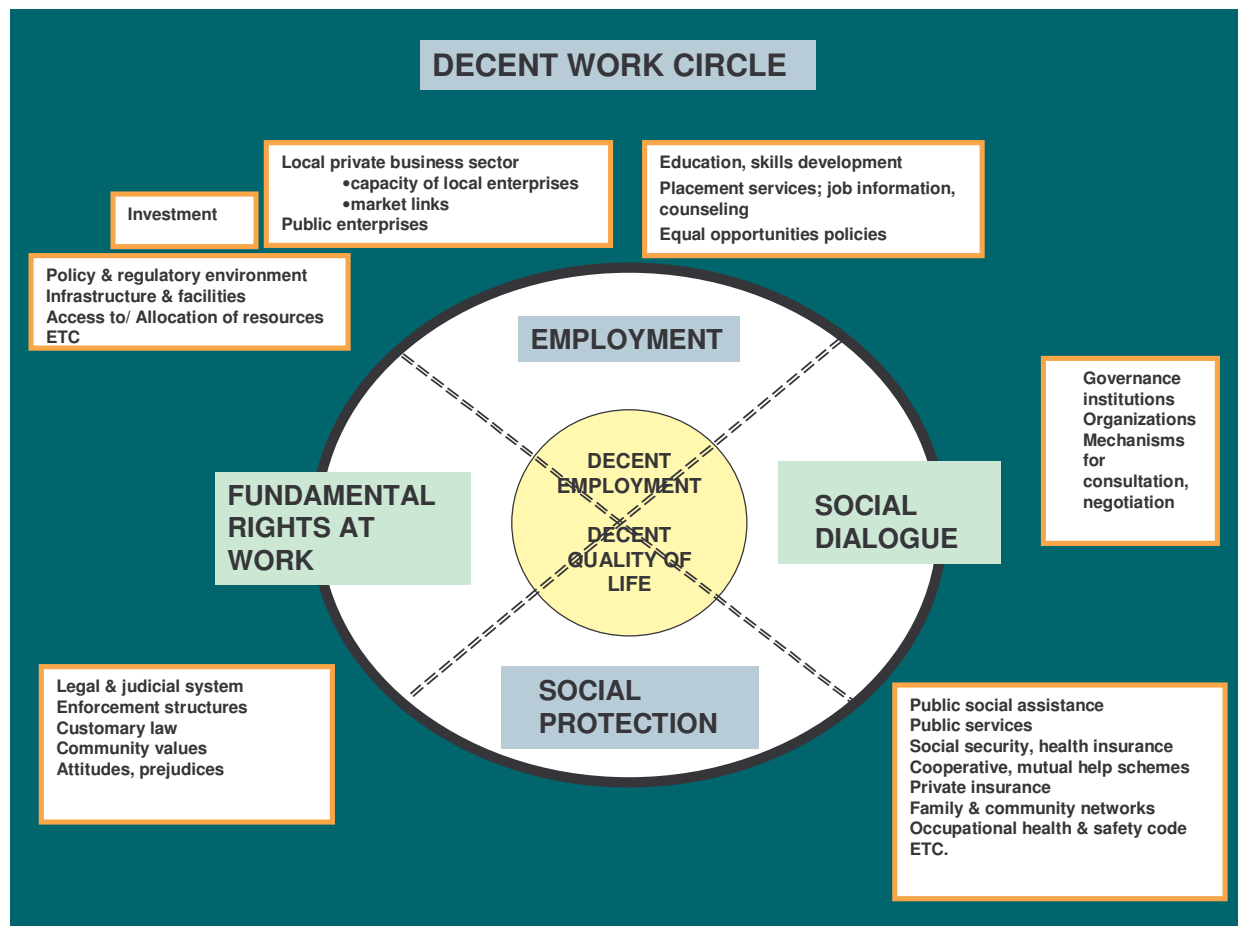
- Voice and representation
- Participation in local development councils

- Collective bargaining
- Freely elected representatives and officials
- Independent and strong people's organizations

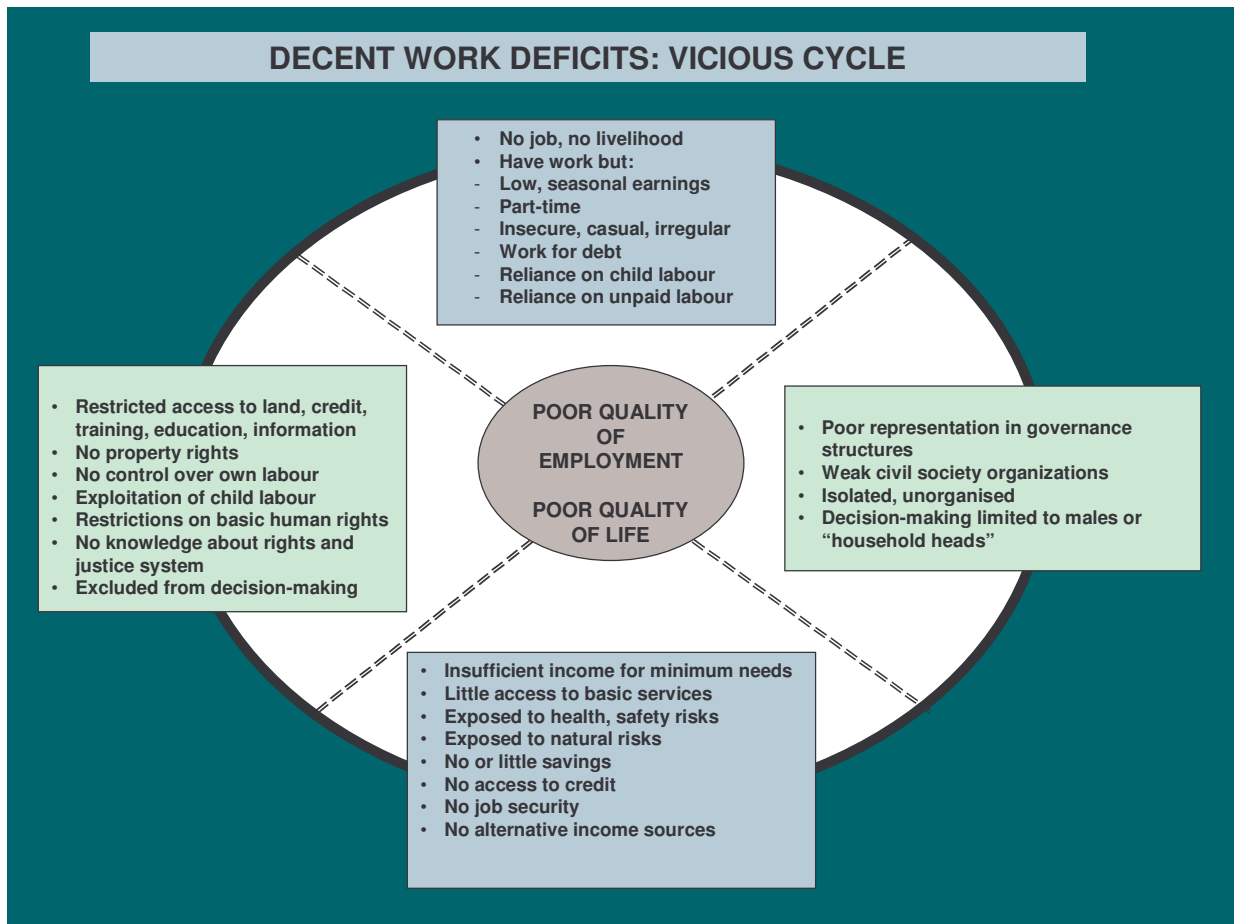
Fundamental rights at work

- Universal human rights
- Rights at work
 - Equality, freedom from discrimination
 - Freedom from forced labour
 - Freedom of organization and expression
 - Freedom from child labour

The boxes outside the circle refer to institutions and policies that affect each of the four dimensions.



The Diagram “Decent Work Deficits: Vicious Circle” illustrates problems, gaps or “deficits” in any of the four dimensions of work that may exist and lead to poor quality of life.



III. How does “Decent Work” contribute to local development?

Productive and gainful employment makes the link between economic growth and poverty reduction. Employment creates wealth and is a strategic way out of poverty and vulnerability. However, employment cannot be promoted and supported through job creation strategies alone.

Four principal elements reinforce each other:

- Generation and preservation of gainful employment and incomes as an explicit objective
- Minimum income security, health security, security of basic needs as an explicit objective
- Voice, representation and social dialogue for greater participation in the decision-making process
- Rights as the foundation for an inclusive and just local development

Social protection reinforces employment and income generation

- When people have something to rely on in times of hardship, they are more ready to venture into new (risky) economic activities or to try new technologies. It is not easy for a farmer, a fisher or a low-paid wageworker to

be entrepreneurial and innovative if his/her family is highly vulnerable to the negative effects of a business failure.

- By securing access to basic food, health and educational needs, social security preserves human capital (health, education, skills) even in times of emergency.
- How many businesses or livelihoods have fallen apart because earnings and assets were used to cover health care costs?

Social dialogue is critical for people's participation

- Social dialogue recognizes the existence of differing and sometimes competing interests and views in the community and society as a whole.
- It is a process of consultation, negotiation, bargaining and conflict resolution.
- It encourages compromise and builds consensus among local stakeholders around common objectives.
- It promotes networks and organizations which are important social assets of the area.

Rights are fundamental to employment promotion and social protection

- Respect for people's human rights ensures an inclusive development where each individual enjoys equal opportunities to employment and treatment at work.
- Equal rights and access to resources, services and economic opportunities is necessary for a person to engage in gainful and source of livelihood.
- Without basic freedoms, an individual could not participate in decision-making processes that affect his or her life and work.

However, development strategies have been dominated by an emphasis on economic growth – the aggregate rate of growth of domestic product per capita as the central immediate objective and indicator of development, and the accumulation of physical capital and investment as the means of attaining this objective. It has been widely, but mistakenly, assumed that economic development (i.e. growth, modernization, efficiency, enterprise support) would automatically create jobs, reduce poverty and raise people's quality of life.

IV. Local development

Participatory process of negotiation and consensus

Local development may be defined as a **process of negotiation, dialogue and consensus** between **actors** (leaders, officials and representatives of local government, organizations, groups, communities) within a **determined geographical area** with the purpose of bring about a **common undertaking and goal**, which **combines economic and social interests and objectives** towards the aim of improving the **quality of life of citizens** in that territory.

The Local Economic Development Programme of the International Labour Organization uses the following definition:

LED is a participatory process that encourages **partnership arrangements** between the main private and public stakeholders in a defined territory. This process enable these stakeholders to design and implement jointly a common development strategy that makes use of local resources and competitive advantage of the territory in a global context with the **final objective of creating decent jobs** and stimulating economic activity.

There are many other definitions of local development and “local economic development”. Common among these various definitions is the following elements in the process:

- (a) They require participation and partnerships.
- (b) They are based on territory.
- (c) They entail the mobilization of local resources and competitive advantages.
- (d) They are owned and managed by local stakeholders in the territory.

Economic and social integration

Many have used the term “LED” or “local economic development” to refer essentially to the “economic” dimension of local development – local economic growth, identification of investment opportunities, support to entrepreneurial activities, facilitating the access to (new) markets, infrastructure, and job creation.

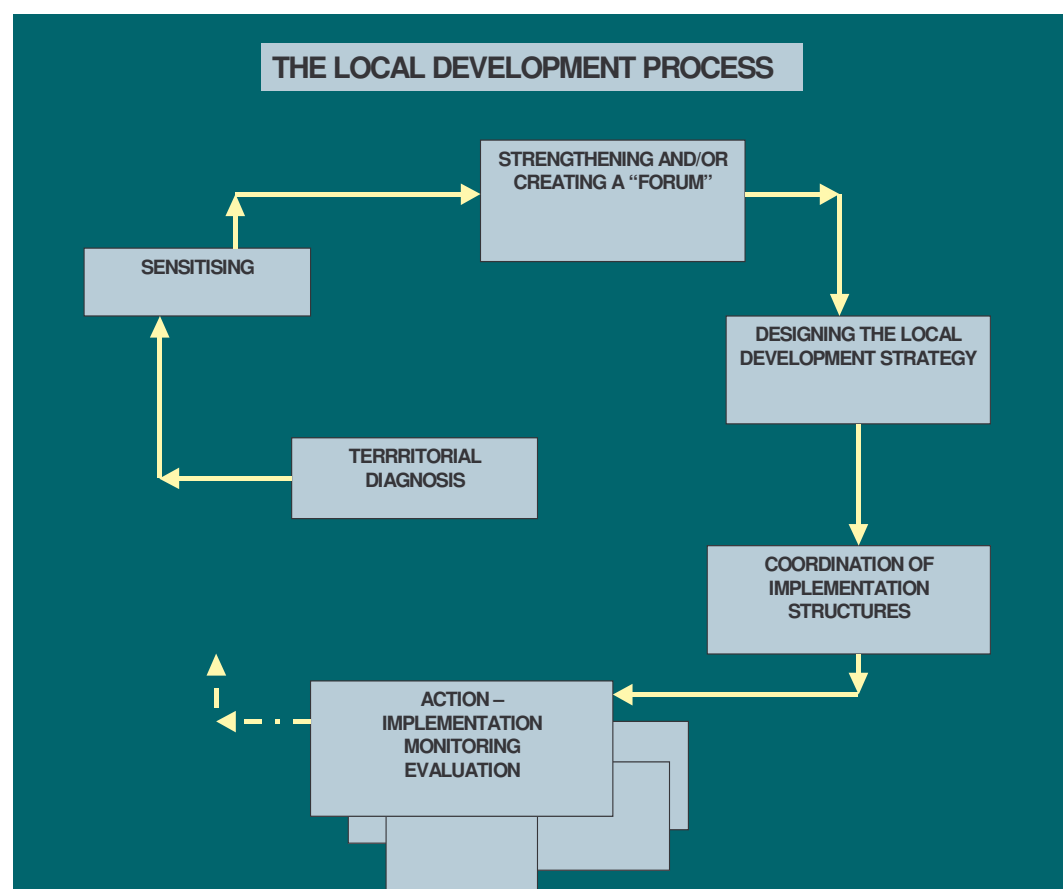
However, many who have studied local economies have increasingly realised that the success of economic policy interventions and enterprise performance have depended a lot on the local institutional, social and political conditions of the area.

Finally, the ultimate development goal – better quality of life for all – necessarily requires the combination of economic growth, equity and poverty reduction, and ecological sustainability.

V. Local development planning and implementation process

It is possible to identify six (6) phases in the local development planning and implementation process. However, in practice, these phases are not mutually exclusive; some phases are continuous and two or more phases may run at the same time. The whole process is not linear; it does not move from one stage to the next stage.

Diagram: The Local Development Planning and Implementation Process



Embedding Decent Work into the process

The Local Development and Decent Work Approach gives additional value to conventional local economic development approaches by (1) explicitly incorporating the Decent Work perspective into local development agenda, and (2) integrating economic and social concerns and objectives.

The six phases of Local Development Planning and Implementation are described briefly below. Inside the shaded boxes are listed the specific Local Development and Decent Work (LDDW) concerns for each phase.

1. Territorial diagnosis

Objective: To acquire initial knowledge about the local territory – issues, resources, opportunities, mapping of interest groups and stakeholders; and about the overall planning framework (e.g. extent or nature of decentralization) of local development.

Scope:

- (i) This is a preliminary or rapid assessment of major socio-economic and political indicators and trends of the territory, paying careful attention to “decent work” dimensions and to inequalities and differences between men and women, and between segments (e.g. ethnic groups) of the local population.
- (ii) Sources of data collection are available statistics, reports and rapid appraisal methods. Data collection should be updated during the whole LD process.

LDDW Concerns:

- **Assess progress and problems regarding decent work.**
- **Identify what and where inequalities exist.**
- **Pay attention to differences between women and men, and between ethnic and other social groups in the territory.**
- **Certain decent work indicators may have to be incorporated into local data collection, and for baseline surveys or assessments.**

2. Sensitisation, awareness-raising

Objectives:

- (i) To build and strengthen the ownership of the local development process among local stakeholders;
- (ii) To enable different members of the local community to appreciate that each has an important contribution to make, and that the local development process has to be participatory and inclusive.

Scope:

- (i) Activities to help stimulate interest, involvement and support of various groups and members of the local community, such as small focused group discussions, workshops visit to other territories and small training courses where people can exchange views, knowledge and experiences; and
- (ii) Quick impact activities that require or involve consultation, joint decision-making and consensus or compromise.

LDDW concerns:

- **Make sure that local people understand the role of decent work in local development, and importance of equity and inclusiveness in successful local development.**
- **Enable the people to understand each other’s aspirations for decent work and ways local development could address these aspirations.**

3. Strengthening or creating a participatory mechanism or forum

Objectives:

- (i) To strengthen an existing mechanism that could facilitate participatory local development planning and implementation, compromise and consensus-building around a local development strategy; and/or
- (ii) If a participatory mechanism does not exist, to establish such a mechanism, which takes into account the local governance context and responds to the views of the people in the territory.

Scope:

- (i) Calls for a careful analysis of the local governance context and local institutional structures
- (ii) Requires local political support
- (iii) To be truly participatory, inclusive and effective, a forum requires active and capable representative organizations.
- (iv) Often needs to be accompanied by activities aimed at strengthening the capacity of local organizations. Special activities are often necessary to involve the poorer and socially excluded segments of the local population.

LDDW concerns:

- **Respect for fundamental rights is an important pre-requisite for a people's participation.**
- **Organizations of workers and employers have a role in local development.**
- **Social dialogue – consultation, negotiation, compromise and consensus - enrich the participatory process.**

4. Designing the Local Development strategy

Objective: to produce a shared vision, a set of priorities for a specified period, a strategy for getting there and clear objectives and indicators for assessing success.

Scope:

- (i) More intensive diagnosis and assessment: assessments of problems and issues, as well as opportunities, resources and strengths; in-depth analysis

of specific issues; feasibility studies and assessments of various proposals, etc.

- (ii) Strategic planning – identifying priority issues and objectives, action planning, defining resources.

LDDW concerns:

- **Employment and income generation, and social protection should be explicit objectives of local development strategies.**
- **It is important to assess potential and actual impact of strategies and programmes on local employment, incomes and social protection.**
- **The effect of strategies and programmes are often not the same throughout the local community; some benefit more than others or some suffer from consequences while others gain. One needs to assess the differential impact on women and men, on different ethnic and other social groups.**
- **Data on selected decent work indicators may be necessary for assessing the likely impact of local plans on decent work.**
- **The local development strategy should take into account the interlinks between local strategies, national plans and policy frameworks, national and global markets and trends.**

5. Coordination of implementation

Objectives:

- (i) To assign roles and responsibilities, and determine arrangements and measures that will ensure coherence, convergence and smooth coordination of different implementation structures;
- (ii) If necessary, set up coordinating unit or mechanism.

Scope: institutional mapping and assessment; commitments; designation or assignment of coordination, taking into account local governance and institutional context.

LDDW concerns:

- **Stakeholders play different roles in implementation.**
- **Transparency and accountability in implementation**
- **Delivering a coherent and integrated strategy**

6. Action: implementation, monitoring, and evaluation

Objectives:

- (i) To engage the various local stakeholders in the implementation, monitoring and evaluation;
- (ii) To deliver a coherent and integrated strategy;
- (iii) To ensure relevance, effectiveness and efficiency of implementation

Scope: various arrangements and activities based on action plans; monitoring and evaluation; review and revision of strategies and plans.

LDDW concerns:

- **What is the actual impact of strategies and plans on decent work, poverty and quality of life? Where is progress being made?**
- **Who are benefiting? Who are losing or bearing social and economic costs?**
- **Who are participating? Who are excluded and why?**
- **What can be improved?**

Relevant resources

- ILO: Reducing the decent work deficit. A global challenge
- ILO: Working out of poverty
- ILO Resource Database on Poverty, Local Development and Decent Work (www.ilo.org)
- Martin Gasser, Carmelo Salzano, Roberto di Meglio and Alfredo Lazarte-Hoyle, *Local Economic Development in Post-Crisis Situations. An Operational Guide*. (Geneva: ILO)
- Carmelo Salzano, *Applying the comprehensive LED approach*. The case of Croatia. (Geneva: ILO) 2002.

Cross-references
