
JOB AND LIVELIHOODS INCOMES FOR THE POOR

Summary of Recommendations

In the framework of increasing decentralization in different regions of the world, pro-poor and inclusive local economic policies enables local government to address poverty. To support local government to play its full role a clear national framework for local economic development must be assured, including:

- National policies that sets local economic development in the macro-economic context;
- Effective fiscal, political and legal decentralization;
- Empowered local governments, with meaningful autonomy and delegated powers to promote and sustain inclusive, locally-owned economic development that addresses the challenges of poverty;
- Enabling local government to access national programmes for economic development;
- Provision of financial, or other incentives, such as micro- credit schemes and social enterprise, and facilitating and enabling other providers to enter the market with responsive services;
- Development of procurement policies to support local business.

Local economic development

Rapidly growing cities are major centres of economic growth. Rapid urbanisation creates new opportunities and promotes the densification of economic activities. Nevertheless in many cities of developing countries, the informal sector and small enterprises provide the bulk of jobs and livelihood available to the urban poor.

The informal sector in Sub-Saharan Africa and in South Asia, for example, account for 77% of non-agricultural employment. In cities, this sector includes family micro-enterprises, domestic work, street vendors, crafts etc. Obstacles to the development of these activities can be identified and resolved, and the ability of this sector to generate jobs and increase incomes in poor areas improved.

The post 2015 development goals will only achieve their objectives if the needs and potential of these sectors are taken into account. **Pro-poor and inclusive local economic policies enables local government to address poverty**, including unemployment and social deprivation, through strategies for promoting youth employment, empowering disadvantaged and marginalized communities, support for skills development, and promotion of gender equity and equality.

In many countries, increasing emphasis on local economic development is an important part of the strategies to counter legacies of uneven development and entrenched poverty. In South Africa, for example, the local economic development programmes promoted over the last decade by the national governments support all municipalities to be attractive places in which to live and invest through an approach that targets the poor and marginalised and addresses the basic needs of people within the community.

Local government has a key role in supporting and shaping these local economies, both in terms of **creating an enabling environment for economic activities** (eg.: through local development planning or direct investment), but also **as a catalyst for development, in coordinating stakeholders and promoting partnerships with civil society and private sector** (eg: for basic service delivery). There are important possibilities in the sectors that are related to the services that municipalities provide: in health care, education, security, transport etc.

Local government working in partnership with other stakeholders can:

- Promote integrated development planning and community consultation, which takes into account pro poor policies;
- Develop infrastructure to provide an enabling environment for local investment and use labour intensive approaches to maximise employment opportunities;
- Maintain and develop the local skills base and promote sustainable job-creation and diversification of the local economy;
- Promote greater understanding of the informal sector so as to improve job conditions and decent work;
- Provide incentives for job creation initiatives in the most deprived communities as part of inclusive development;
- Promote accessible procurement processes and enhance the capacity of small, micro and medium sized enterprises to be competitive in the procurement bidding process;
- Increase the use of information communication technology [ICT] to improve efficiency;
- Work with local stakeholders to promote local culture, tourism, crafts, heritage to raise the profile of a locality and to improve local economic opportunities and jobs;
- Support small, medium and micro-enterprises, promote human capital development by maximising local resources and skills, including youth entrepreneurship, skills development for women, and retaining and attracting skilled personnel

Local government is not just an important actor of its role in the delivery of services, but also has the potential to play a crucial role in the economic and social development of local people. By working effectively with national governments and with a range of civil society organisations, community groups and the private sector, local government can also contribute to economic growth, job creation and social development.