Case-Based Contribution to Chapter 8: Prospering
GOLD VI Report on Pathways to urban and territorial equality

Agenda to boost local jobs and livelihood opportunities
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**CHAPTER**
8: Prospering

**SUMMARY**

The intersection of inequalities, in particular socio-economic and territorial, reinforces the difficulties encountered by different groups in accessing local and quality employment opportunities, and decent work conditions and livelihoods. Socio-spatial polarization and accumulation of disadvantages on one hand, and labour market segmentation (both between territories and skilled/precarious workers) on the other, are some of the main challenges to be addressed to advance a just and sustainable prospering pathway towards urban and territorial equality. **Local and regional governments have a crucial role to play in reducing the local skills and spatial mismatch and in promoting decent work and livelihoods for all.** With examples of local government initiatives in India, Mali, Mexico, Russia, Senegal, South Africa and Spain, this paper presents different types and characteristics of local policies supporting enterprises and workers for local economic development and equitable access to local employment. It shows how varied local government strategies are and focuses on targeted and territorialized policies and programmes. Local employment policies are indeed usually targeted to specific structurally disadvantaged groups and vulnerable workers, such as long-term unemployed, youth, women, migrants, and informal workers, among others. The territorialization of public policies fostering access to work opportunities and decent livelihoods is also crucial to (re)localize employment and compensate for territorial imbalances and inequalities.
1. Challenges and local and regional governments’ role in local economic development and in fostering access to local quality employment

The intersection of inequalities, in particular socio-economic and territorial, reinforces the difficulties encountered by different groups in terms of access to local and quality employment opportunities and to decent work conditions and livelihoods. Socio-spatial polarization and accumulation of disadvantages on one hand, and labour market segmentation (both between territories and skilled/precarious workers) on the other, are some of the main challenges to be addressed to reduce inequalities. Therefore, local and regional governments (LRGs) have a crucial role to play in reducing the local skills and spatial mismatch and in promoting decent work and livelihoods for all. This paper presents different types and characteristics of local policies in favour of local employment to advance a just and sustainable prospering pathway towards urban and territorial equality.

With the decentralization processes initiated in most countries since the 1980s, LRGs gradually acquired more responsibilities to participate proactively in local economic development. As the closest level of government to the territories and their communities, LRGs have the deepest understanding of their needs and priorities, as well as the greatest spatial, organizational and social proximity allowing for addressing local challenges and promoting participation and social inclusion. Moreover, locally planned and managed economic development is more likely to build on the specific strengths and resources of a community and territory, as well as to protect and enhance its environmental and cultural heritage. However, LRGs’ powers regarding local economic development are largely heterogeneous between countries as well as within the same country (between territories, rural/urban areas, according to the size and resources of local governments, and between different tiers of government). In particular, it depends on whether these responsibilities to support local development are fully or only partially transferred. Moreover, these transfers are not always accompanied by the allocation of the correspondent resources and capacities. In addition to local regulations and the delivering of infrastructure required for economic growth, LRGs can support local quality jobs via different types of policies, including targeted and/or territorialized policies and programmes.

1. Besides reducing territorial inequalities also implies to reduce gender inequalities, since men are more likely to be able to leave for work opportunities elsewhere than women. Von Schlieben, “Labour migration, inclusive development, and gender equality: unlocking the potential of women as agents of change in Tunisia’s interior regions”
3. To complete these arguments in favour of local action for employment, see also Werna, “We need to ‘municipalize’ our discussions on ensuring decent work”
4. UCLG, “The role of Local Governments in Territorial Economic Development”
2. Local and regional governments’ commitment towards decent local jobs and livelihoods: types of policies, targeted and/or territorializing strategies

2.1 Types of policies

Local strategies, policies and programmes supporting local economic development and access to local employment are very varied. First, these policies can be grouped into different categories, depending on the mechanisms they mobilize, their objectives and their targets (enterprises or workers).

A. For enterprises

(1) Creating business districts, industrial/technological parks and enterprise zones, with simplified planning procedures and tax incentives, are common means to attract companies to a particular territory. Progressively, more than wage costs, the quality of territories becomes a key factor in the location choices of enterprises and companies. By negotiating with them and improving the environment to attract economic activities, local authorities play an important role in local job creation and income generation.

(2) Supporting the local private sector involves public investments in local services, as well as local public procurement.

(3) By creating or fostering local synergies between various economic sectors, LRGs can mobilise the local social capital and facilitate expertise/competencies sharing, as well as strengthen local production lines. A well-known example of local partnership are local economic development agencies (LEDAs), created at the initiative of local governments and linking the public and private sectors to stimulate local economic networks, job-creation, and small business development. In South Africa for instance, LEDAs progressively became part of the local economic development landscape. The three LEDAs implemented in KwaZulu-Natal (South Africa) promote trade and investment in the Harry Gwala region, with a focus on employment-creating projects.

Allowing local authorities to identify the most suitable instruments for the planning and implementation of employment-related initiatives and to elaborate a coherent system of support at technical and financial level, LEDAs are proven key to reduce unemployment and poverty, as well as to balance the difficulties of local economies in the face of current global instabilities, and to enhance local ownership of the development governance through participatory approaches.

(4) LRGs can also play a significant role in fostering sharing/collaborative/social economic models.

Social economy organizations (mainly cooperatives and associations) are strongly rooted in territories. Not only do they create jobs, but they also revitalise community solidarity and reduce territorial inequalities. LRGs can support these organizations through financial support, public procurement, cooperation and partnerships, and reinforce the visibility of their initiatives.

In doing so, they open up stable and legal opportunities to the unemployed and informal workers who benefit from this type of business and contribute

To facilitate the reading and identification of these different types of policies, numbers [1, 2, 3, …] have been added to differentiate them more clearly.

6. UCLG Africa, “Local Economic Development Promotion Agencies”

7. Originally, they were implemented after World War II in Europe and North America. Biscigia, “Local Economies in times of crisis. Italian industrial districts experience”. LEDAs are legal, non-profit structures, and their governance is based on public-private partnerships and local-national relations. There are examples of LEDAs created at the municipal, department and regional scales. See IDEASS, “Local economic development agencies for governance and internationalization of local economies”, for examples in the region of NanHô (Colombia), the Manica, Sidalsa, and Maputo provinces (Mozambique), the departments of Huahuanenango and Chiquimula (Guatemala), the municipality of Beâan (Guatemala) and others.

8. ILS LEDA, “The Local Economic Development Agencies Booklet”. Services to the local stakeholders and population, such as territorial animation and promotion, economic dynamization, technical and financial support to businesses, and entrepreneurial training. LEDAs “integrate governance components (strategy, development components (coordination between planning and action), human development components, social inclusion, vulnerable group-support instruments, relations between the center and the suburbs of the territory, environmental clauses in particular - promote financing and international marketing); business service supply components (technical assistance, professional training, marketing and loans).” The availability of these instruments as well as the conditions of success and the sustainability of LEDAs depend on the institutionalization of the LEDA, a certain capital to set up a credit fund and support different activities, several types of income (such as membership fees, sale of services to local stakeholders), management fees related to the execution of contracts with partners or donors, interests from guarantee funds deposited in banks, etc., their territorial coverage, which normally extends to the intermediate level of state decentralization (regions, provinces), as well as their relations with other tiers of government and their capacity for channeling local, national and international resources. They also largely depend on the active participation of public and private local actors and communities, and on their agreements towards concerted strategies for territorial development. IDEASS, “Local economic development agencies for governance and internationalization of local economies”.

9. Khamable, Mpati, “Assessing the role of Local Economic Development Agencies in South Africa”. However, in KwaZulu-Natal, the LEDAs failed at being introduced as institutions and therefore lacked legitimacy to represent the interests of different stakeholders and build bridges between their respective interests. Liberal LEDAs did not fully succeed in overcoming the problems faced by local authorities when it comes to LEDs.

10. UCLG Africa, “Local Economic Development Promotion Agencies”

11. IDEASS, “Local economic development agencies for governance and internationalization of local economies”.

12. Sharing economy models are in particular experimented in metropolitan areas, but they can also encompass smaller scales. The impacts of social economic models are also critical in metropolitan areas. UCLG, OLED I-V Co-creating the urban future.

13. Circular economic activities, such as waste recycling and repair, are labour-intensive too, and ideal for rapid service-sector job creation. Upcycling and reuse centers combine social, solidarity and circular economy, and are increasingly numerous, as is the case in France. C40, “A green, just and job-rich COVID-19 recovery. How cities can rapidly boost local, low-carbon employment”. European ecosystems, créer du lien social et de l’emploi : le pari des ressources. OECD, “Social economy and the COVID-19 crisis: current and future roles”.

14. LRGs can also play a significant role in fostering sharing/collaborative/social economic models.

15. Social economy organizations (mainly cooperatives and associations) are strongly rooted in territories. Not only do they create jobs, but they also revitalise community solidarity and reduce territorial inequalities. LRGs can support these organizations through financial support, public procurement, cooperation and partnerships, and reinforce the visibility of their initiatives. In doing so, they open up stable and legal opportunities to the unemployed and informal workers who benefit from this type of business and contribute
to a more inclusive and sustainable economic growth. Since 1988 and even more since the creation of a Municipal Development and Solidarity Fund (FODEM), the city of Dakar (Senegal) has been committed to this and supports social and solidarity economy programs dedicated to young people and entrepreneurs. Likewise, the municipality of Bamako (Mali) included the social and solidarity economy in its development program, to promote the support of cooperatives, professional associations and groups of economic interests.

Micro, small and medium enterprises (MSMEs) largely contribute to local economic growth, poverty alleviation and job creation. To directly support them, entrepreneurship and self-employment incentives are common strategies, such as facilitating access to grants or financing, technical assistance, and entrepreneurship training. During the pandemic, many LRGs implemented emergency/short-term policies to help MSMEs with more fiscal flexibility (fiscal exceptions and tax deferral), as well as by providing them information and encouraging local communities to ‘buy local’.

B. For job seekers

On the side of job seekers, local employment intermediation services comprise job search assistance, information provision, and the reduction of administrative burdens. Training programmes and initiatives to reduce unemployment can also address the disruptions brought by technology. It indeed reduces jobs, with uneven effects in territories, but not necessarily eliminates work. Local authorities can therefore help workers prepare and adapt their skills to the future of work in their specific regions and cities. Such training programs also counterbalance skills mismatches between the offer and the local talent pool and prevent companies from recruiting only internationally.

17. Since its creation in 2010, the FODEM enabled the consolidation of 477 production units affecting nearly 463 jobs (among which only 25 were temporary). It funded the creation of 225 new businesses. It also enabled the creation of 861 micro activities through the “safety net” desk for 4,002 beneficiaries and 327 projects. Dakar’s policy for the social and solidarity economy is not limited to this fund, and sets up other programs and projects in its territory. Raisonnement, 2020, Une économie sociale et solidaire pour des villes inclusives.


19. For an example in Ogun State (Nigeria), see Matthew et al., “Addressing unemployment challenge through micro and small enterprises (MSEs): Evidence from Nigeria”. Regarding poverty alleviation in less-developed countries in Africa, Asia, and the Middle East, see Maksemov et al., “Reducing poverty in the least developed countries: the role of small and medium enterprises”.

20. For a critical review of local policies in Nigeria and recommendations, see Galasso Gamo, Dillagiari, “Role of Local Government and MSMEs Performance: The Case of Ethiopia”.

21. For examples of cities taking actions for SMEs in the US, see National League of Cities, “Five Ways Local Governments are Supporting Small Businesses During COVID-19” and ICMA, “How Local Governments Are Working to Keep Small Businesses Alive”. For an example in Asia (in particular in Daegu, South Korea), see UCLG ASPAC, “Overcoming COVID-19 in Daegu. The path nobody taught us.”


Source: laizquierdadiario.cl
2.2 Targeting structurally disadvantaged and vulnerable groups

A. Most targeted groups and workers

Second, local employment policies are usually targeted to specific structurally disadvantaged groups and vulnerable workers. Indeed, most local authorities’ policies acknowledge the specificity of the needs of certain populations regarding unemployment/indecent work and implement targeted policies dedicated to these groups. Overall, the effects of these policies, especially when implemented together as a cluster of different types of policies [see above], are particularly beneficial for the low skilled. The long-term unemployed are among the most targeted groups, just as should be those in temporary, part-time and non-standard work, who are at high risk of losing their job. Young people’s school-work transition and trajectories towards a (first) decent work also appear more and more as a major point of vigilance for LRGs.

Although there have long been social and employment policies targeting women, gender and socio-economic inequalities are still very marked today, for instance concerning mothers’ return to employment and financial autonomy. Hence the importance for LRGs to respond to the need of local social policies and to ensure equitable access to the public services, such as childcare, which condition mothers’ return to employment. This can be accompanied by other projects to combat the underemployment of women, to break the circle of poverty and strengthen the development of territories. The city of Komsmoisk-on-Amur (Russia) implemented the program “Mothers learn for free” to offer women free training during parental leave. It aims to compensate for territorial and economic inequalities by providing them access to training far from their homes and by paying the cost of travel and accommodation during the training period.

Other local policies target refugees and migrants, who face many integration challenges in the labour market. In comparison to native people, they have higher unemployment rates, are more likely to be overqualified for their jobs and earn lower incomes. Therefore, LRGs committed to host and integrate migrants and refugees are implementing mechanisms facilitating their access to quality employment, for example by introducing them to local employment opportunities or by fighting against discriminations. Dependent on the Barcelona City Council and the Government of Catalonia (Spain), “Barcelona Activa”, the local economic development agency that gathers the labour insertion activity in the city, aligns its capacity-building programs for migrants to local market needs and support migrant entrepreneurs.

Ethnic and/or religious minorities can also benefit from targeted
employment policies, since they face specific obstacles in accessing employment or are highly concentrated in certain sectors only. For example, social representations of Mexican Indigenous populations still reproduce the historical association with agricultural work and low-skilled jobs. From the end of the 1990s, Indigenous communities have been priority targets of development policies in Mexico City (Mexico). Currently, a programme offers economic support to Indigenous women and other women who live in the rural areas of the city, as well as equipment and technical assistance to support their productive activities. Waste workers, platform workers, freelancers, but also people with disabilities, LGBTQI+ people and the elderly are other groups that receive special attention in some local employment policies.

B. Informal workers targeted policies

Over two billion workers earned their livelihoods in the informal economy in 2020, representing 90% of all workers in low-income countries, and 67% in middle-income countries. In cities in particular, 50 to 80% of the employment is informal in the Global South. While many LRGs dealt with informal economy to ensure payment of taxes and as a mainly spatial problem (especially regarding street vendors), in access to public services (for home-based workers), and in participatory policy-making processes. For instance, after episodes of conflicts, the municipality of Ahmedabad (India) worked with a committee of vendors for the design of the new Bhadra Fort Market and the process for allocating space. In doing so, the local authorities compensated for a previous eviction of these vendors from the Bhadra Fort Plaza by a process of negotiated resettlement. By encouraging the formalization and growth of micro and small enterprises, LRGs can also give informal workers the possibility to improve their status by fostering transitions to formal employment.

formal partnerships (for example with organizations of waste-pickers), and foster social inclusion of informal workers, for instance in public spaces (for street vendors), in access to public services (for home-based workers), and in participatory policy-making processes. For example, in ‘Barcelona Activa’, 150 migrants are participating in employment programs to obtain regularization, residence and work permits. See El Periódico, “El camí de la regularització”. For an anthropological and critical look at the training provided to migrants, see Yufra, Santamaria Lorenzo, “Para no estar sin hacer nada: formación para la inserción laboral de personas inmigrantes en Barcelona”

31. But until today, these are mainly assistance policies, based on the distribution of monetary aid. For examples in Europe, see European Commission, “Digital Gamechanger? How Europe’s cities are adapting to the impact of COVID-19 on jobs and skills”

32. Government of the City of México, Gaceta Oficial de la Ciudad de México

33. Cibrario, “SDG11. To ensure sustainable waste services, we must value waste workers and make sure they are in decent jobs”

34. As COVID-19 accelerated the reliance of many workers on platform-mediated work, LRGs have an important role to play in guaranteeing decent work conditions, especially regarding the expanding digital work and technology-related businesses. For examples in Europe, see European Commission, “Digital Gamechanger? How Europe’s cities are adapting to the impact of COVID-19 on jobs and skills”

35. ILO, “Women and men in the informal economy: a statistical picture”

36. Chen and Beard, “Toward a more equal city. Including the Excluded: Supporting Informal Workers for More Equal and Productive Cities in the Global South”

37. SA LED Network, SALDA, LEDNA, “Managing Informality. Local government practices and approaches towards the informal economy. Learning examples from five African countries”

38. Chen and Beard, “Toward a more equal city. Including the Excluded: Supporting Informal Workers for More Equal and Productive Cities in the Global South”

39. Chen and Beard, “Toward a more equal city. Including the Excluded: Supporting Informal Workers for More Equal and Productive Cities in the Global South”
2.4 Territorialized strategies

Third, the territorialization⁴⁰ of policies fostering access to employment and decent livelihoods allows LRGs to (re)localize employment, and in doing so, to compensate for territorial imbalances and inequalities. Some of the most known possibilities are the creation of enterprise zones, the identification of redevelopment areas to target tax benefits, and granting subsidies to businesses located in disadvantaged areas. LRGs can also focus employment programmes on inhabitants and workers in specific areas. In Barcelona (Spain), the programme “Employment in the Neighbourhoods” is implemented in twelve specific neighbourhoods chosen for their high unemployment rates, to provide access to employment and promote the socio-economic revitalization of these areas.⁴¹ Most of the people enrolled each year have basic or no formal education, and a high percentage of them are foreigners, mostly non-European. Supporting local food systems is another way for LRGs to foster local jobs and more resilient access to food. Many LRGs committed to this during the COVID-19 pandemic, as a means to support livelihoods as well as local markets.⁴² Finally, coordination between different territories and scales is essential to ensure coherent and integrated economic development policies. For instance, inter-municipal cooperation is key in metropolitan areas.⁴³

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⁴⁰ That is to say, implementation of public policies in certain specific areas within LRGs territory.
⁴² World Bank, FAO, “Rich Food, Smart City. How building reliable, inclusive, competitive and healthy food systems is smart policy for urban Asia.”
⁴³ E UCLG, GOLD IV Co-creating the urban future
References


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In particular, the present paper has contributed to Chapter 8 on “Prospering”, which focuses on prosperity as a culturally specific and multi-dimensional concept, including income but not only. The chapter explores key drivers of urban inequality reflected in the scarcity of decent work and in social-spatial disparities in the location of different productive activities within cities. The chapter analyses how local and regional governments can increase decent work opportunities, and, drawing on the impacts of COVID-19, how they can mitigate the effects of future pandemics and of climate change on decent work, urban prosperity inequality.

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