



## Local Economic Development

The Natural Resources Institute is a key partner in a multi-donor initiative launched in 2002, aimed at addressing the challenges of poverty reduction in rural areas. At a conference hosted by GTZ in Berlin in 2002, the success factors drawn from operational experience within a wide range of international and national programmes focusing on rural economic and enterprise development were reviewed. Building on the lessons learned from this operational experience, a framework – the Rural Economic and Enterprise Development (REED) framework was developed. The Natural Resources Institute is now working with partners in Bangladesh and South Africa to develop further the framework and explore its full potential as a tool for joint analysis, planning, evaluation and shared learning among key stakeholders (including government, donors, private sector, public sector and civil society) concerned with local economic development (LED) and wider rural development.

The framework is defined by ten cornerstones. These build upon clusters of successful elements of intervention approaches applicable to rural economic and enterprise development. The cornerstones can be broadly classified into four categories:

- Policies and institutions
- Infrastructure, services and markets
- Entrepreneurial competence
- Stakeholder involvement and linkages

The cornerstones (shown in Figure 1) represent the core functions that must be in place for successful self-sustaining LED and/or rural economic and enterprise development processes. For each of the ten cornerstones, the core elements, key strategies and ways of implementation have been identified based on the collection of available information and experience-based knowledge. The format is open-ended, allowing the addition of new strategic elements and case study material.

The REED framework can be applied at different levels, i.e., local, national and regional, because it is area-based. The importance of the spatial dimension, for example, the role played by extensive and established local economy clusters, the rural/urban linkages and the socio-economic processes which underpin pro-poor rural economic and enterprise development interventions and policies is also emphasized.

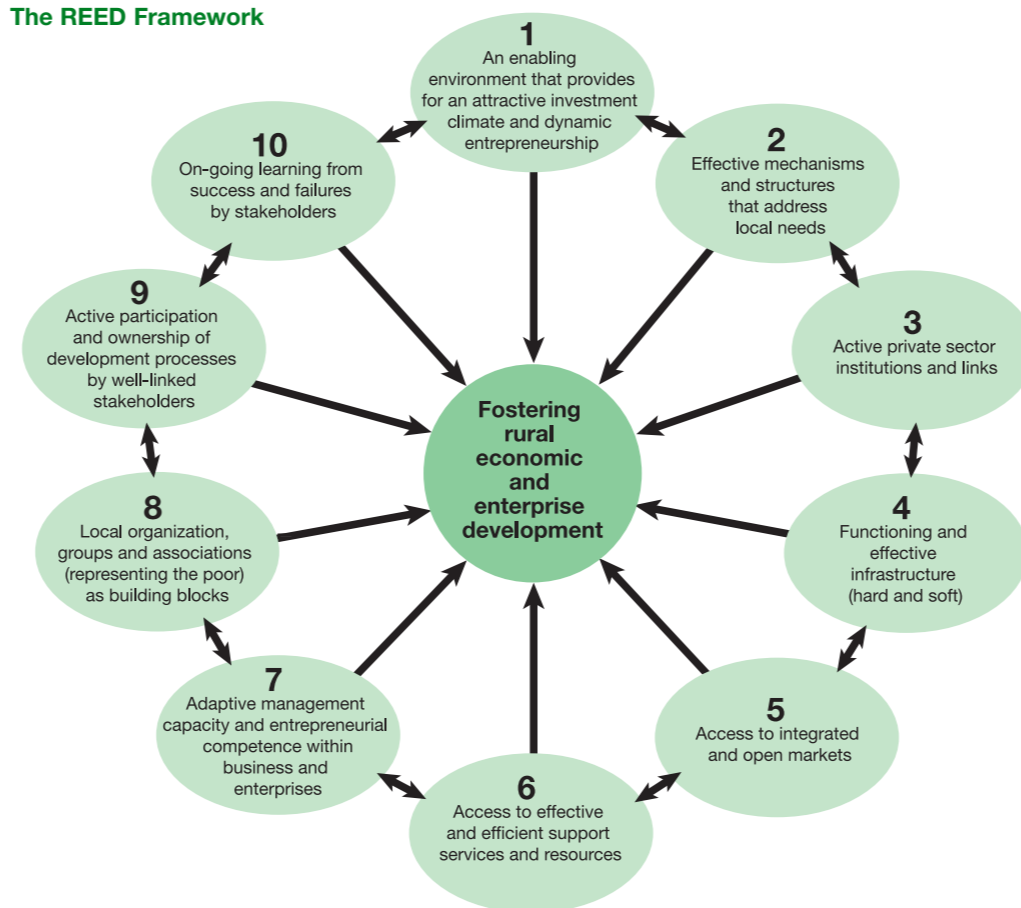
The REED approach was developed for use by policy makers, national and local governments, development agencies, field level practitioners, the private sector and NGO participants, including also those primarily dealing with agriculture-related activities, LED, rural poverty reduction and private sector development. It is further expected that the use of the framework for REED will increase the efficiency and transparency of rural economic development and help to improve co-operation between private sector enterprises and organizations, public sector institutions and donors.

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## Rural Economic and Enterprise Development

Figure 1 The REED Framework



The framework includes some explicit hypotheses about how successful interventions foster economic development, these are:

- Shaping favourable conditions for rural entrepreneurs to increase their incomes and improve their livelihoods will help reduce poverty levels.
- Developing and supplying supportive infrastructure and services will allow the private sector and rural communities access to inputs and markets for their output, whilst reducing transaction costs related to production and distribution.
- Creating adaptive management capacity and entrepreneurial competence among rural firms will enable pro-poor economic development as firms are better placed to respond to and utilise the opportunities and challenges of the wider market.
- Improving the different types of existing and potential horizontal and vertical links between stakeholders as useful building blocks for a range of institutional and operational options for rural enterprises.
- Developing instruments to assess opportunities in regional and global market places for the benefit of rural enterprises will reduce poverty and enhance growth.

Such economic development and enterprise promotion strategies can be linked to the poverty reduction efforts of the international donor community and national governments. REED has a broad scope and focus, and is intended to guide and evaluate the 'pro-poor' rural development interventions that are components of national processes. NRI's work will help to develop further the conceptual framework, and in piloting the approach will provide lesson learning and implementation experience to the benefit our partner countries specifically, but also more widely to developing country governments, donors, NGOs and other stakeholders.

## Rural Territorial Development

The Natural Resources Institute is reviewing Rural Territorial Development approaches and examining specifically the opportunities they present to resolve issues of land access and the contestation of land resources in Brazil and South Africa through a DFID-funded policy research project entitled Land Access and Participatory Territorial Development.

The work examines how sectoral policies for land access and agrarian development can be integrated into a dynamic and holistic approach to sustainable development with a territorial focus. It is undertaking comparative and analytical policy studies, drawing on existing work and data, and supporting participatory, empirical case studies undertaken by local partners in two districts in South Africa and three in north-eastern Brazil. The research focuses on land access and agrarian development, and poverty and livelihood impacts in the context of wider development policy and planning. The project will assess the implications for public policy in local and national government and for donors in both South Africa and Brazil, identifying and disseminating the policy and practical lessons for the countries concerned, and the wider southern African and Latin American regions, and considering the global relevance.

Based on our review of approaches from literature and practical experience, key features of Rural Territorial Development include:

- Fostering a direct linkage between the productive, institutional transformation of poor areas and regions, and new institutional frameworks which permit more decentralized, participatory planning, and better co-ordination.
- Extending social capital and market networks by developing strong government, civil society and private sector collaboration, and partnership across and between rural territories.
- Emphasis on building social capital and bottom-up participation, in shaping public policies which is genuinely responsive to the specific needs and opportunities of different areas.
- Livelihoods approach, addressing the complex nature of livelihoods and their interactions with markets, policies and institutions, and offers practical opportunities to operationalize the development of sustainable livelihoods (at meso scale) through institutional innovation and networking.
- Opportunities for mobilizing practical responses to globalization in analysing the impacts that globalization has on rural areas. The opportunities offered can be developed according to the region and comparative advantage. In particular, territorial approaches offer a way forward for poorer, more isolated areas by focusing efforts on stakeholder collaboration to develop their resource potential and market linkages, and to also help break cycles of isolation, poverty and outward migration.

