



Collaboration on Local Economic Development

December 6, 2016

Co-organized by the Community-Driven Development (CDD) GSG and the Rural Livelihoods and Agriculture Employment GSG.

Supporting rural jobs and livelihoods are one of the key ways that the World Bank can meet its twin goals of fighting extreme poverty and boosting shared prosperity. Recent surveys of the CDD GSG as well as feedback from partner government counterparts indicate that livelihoods, local economic development, and job creation are of great interest to our membership. There is also heightened interest in the spatial dimensions of local economic development and reviving the rural development agenda. On the operations front, many CDD programs led by the Agriculture GP are employing innovative, cutting-edge practices in some of the world's poorest countries. Often, these Agriculture GP operations have grown from classic CDD platforms.

This knowledge exchange session, co-chaired by Susan Wong, Global Lead for CDD, and Natasha Hayward, representative of the Rural Livelihoods and Agriculture Employment GSG, aimed to identify areas of collaboration between the two GSGs.

Discussants for Rural Livelihoods and Agriculture Employment GSG

- Natasha Hayward, Senior Agriculture Specialist, outlined the use of CDD within the Agriculture GP as an “entry point” to communities and how they leverage the CDD platform.
- David Tuchsneider, Senior Rural Development Specialist, outlined the key differences between CDD platforms that primarily support public infrastructure and the suite of “productive alliance” projects that emphasize community-based private and productive activities.
- Varun Singh, Senior Social Development Specialist, discussed the evolution of the livelihoods projects in India that have traditionally built on social mobilization and capital to leverage financial capital, as well as bring in specialized technical assistance providers, in support of rural livelihoods.
- Mio Takada, Agriculture Economist, spoke on [Nepal’s Poverty Alleviation Fund \(PAF\)](#), where the government has requested a shift of focus from social mobilization and public infrastructure investments to local market-driven livelihoods support. PAF’s on-going transformation process is based on the community institutions built previously.

Issues and Challenges Highlighted by Discussants

- **Managing Transition from CDD towards Livelihoods.** Communities—built along social lines, and livelihood groups—built along productive lines, may have different underlying organizational principles and dynamics. More focus is needed on “diversification” and “graduation” in the

context of multiple livelihood and risk management strategies among the rural poor than the “transformation” of social organization (CDD) to economic organization (livelihoods).

- **Need for more specialized client capacity building.** Traditional CDD projects tend to focus on social mobilization and public goods, while livelihood operations focus on productive activities and commercial linkages. Therefore, project teams and government counterparts often lack the essential skills needed to make the shift from public to private investments (or club goods that are semi-public). They also need specialized technical assistance support providers.
 - **Livelihood and Market Analyses.** India’s experience shows that external agencies working on livelihood assessments/interventions need to be steered and socialized into the livelihood context, in close partnership between the Government and the external agency. We could look at many examples of this from Bihar and Andhra Pradesh.
- **Measuring livelihood/productive activities.** As CDD projects try to increase attention on livelihoods activities, measuring project success becomes subject to different criteria, such as profitability. For example, household livelihood impact is measured in terms of increases in productive capacity, productive assets, production, household income and cash flow. This challenges the more standard measures of social and economic returns on CDD operations. Livelihood impacts continue to be assessed through quantitative (economic and financial analysis, income baseline/end-line) as well as qualitative approaches (micro-plans, focus group discussions, participatory assessments).
 - However, this is not a pure dichotomy; for example, government subsidies exist for agriculture and jobs.
- **Managing multiple partnerships.** The Bank’s model of partnering with a Government sectoral implementing agency is also challenging for the multi-functional needs of productive activities. For example, social welfare departments may not be the most suitable partners for local economic development. Livelihood interventions, of varying intensity, do tend to have more government partners, especially if government funding from multiple sources is being leveraged.
- **Defining Livelihoods.** Many terms used are overly broad, such as “livelihoods,” and the Social and Rural families need a clearer shared understanding of terminology. For example, projects focusing on resilience differ greatly from those focusing on water management; local economic development, agriculture, and value chain development are all distinct from one another.

Areas for Potential Collaboration

- Developing approaches/methodologies for participatory assessment and strengthening of livelihoods, market linkages, marketing assessments, rural clusters and value chains, LED, etc. with input from both CDD and the Rural Livelihoods and Agriculture Employment GSGs
- Jointly participating in selected pilots or participating in joint missions
- Examining livelihood dynamics in rural areas, and documenting different types of livelihood strategies which are suitable to support
- Focusing on areas that are suitable for expertise in both fields, such as social enterprise models
- Developing more nuanced guidance on what types of livelihoods or jobs are reasonable to aspire to for specific groups
- Developing applications for urban contexts and/or displaced returnees/refugees situations, with particular respect to IDA 18’s focus on fragility. For example:
 - Afghanistan has 3 to 4 million IDPs and returnees, mostly in urban areas, that will need employment support.

- In Nepal, PAF has focused on skills development and identification of growth industries in peri-urban areas.

Next Steps

- The Global Leads will compile a list of 5 to 7 countries which have requested assistance on the CDD/livelihoods issues already discussed. This list should include the respective teams, the specific requests made by them, and the technical requirements of each team.
 - From this, the Global Leads will identify a list of technical gaps where the GSGs may be able to collaborate, assess the feasibility for pilots, and assess available resources to determine how to allocate time and effort.
- The GSGs will plan to meet in early 2017 for further discussion.