

Using the Rural Economic and Enterprise Development (REED) framework for analysis and joint action: Outline and workplan for action research



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Junior Davis, Felicity Proctor and Ana Marr



**Natural
Resources
Institute**

Enterprise, Trade & Finance Group
Central Avenue, Chatham Maritime, Kent ME4 4TB, United Kingdom
Tel: +44 (0)1634 880088; Fax: +44 (0)1634 883706. Email: j.m.downard@greenwich.ac.uk
WWW: <http://www.nri.org>
Project website: <http://www.nri.org/projects/reed>

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Junior Davis, Felicity Proctor and Ana Marr
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1 Background

The framework for fostering Rural Economic and Enterprise Development (REED) which is based on the analysis of successes and experiences of programmes and projects by an international group of practitioners from different professional backgrounds and countries is an example of a more holistic and spatial approach to local, rural and urban development. The framework, which tries to address the shortcomings of the traditional rural-urban dichotomy, is comprised of five cornerstones for successful intervention, covering the policy and institutional dimension, access to infrastructure, services and markets, entrepreneurial competence and stakeholder links (see Figure 1).

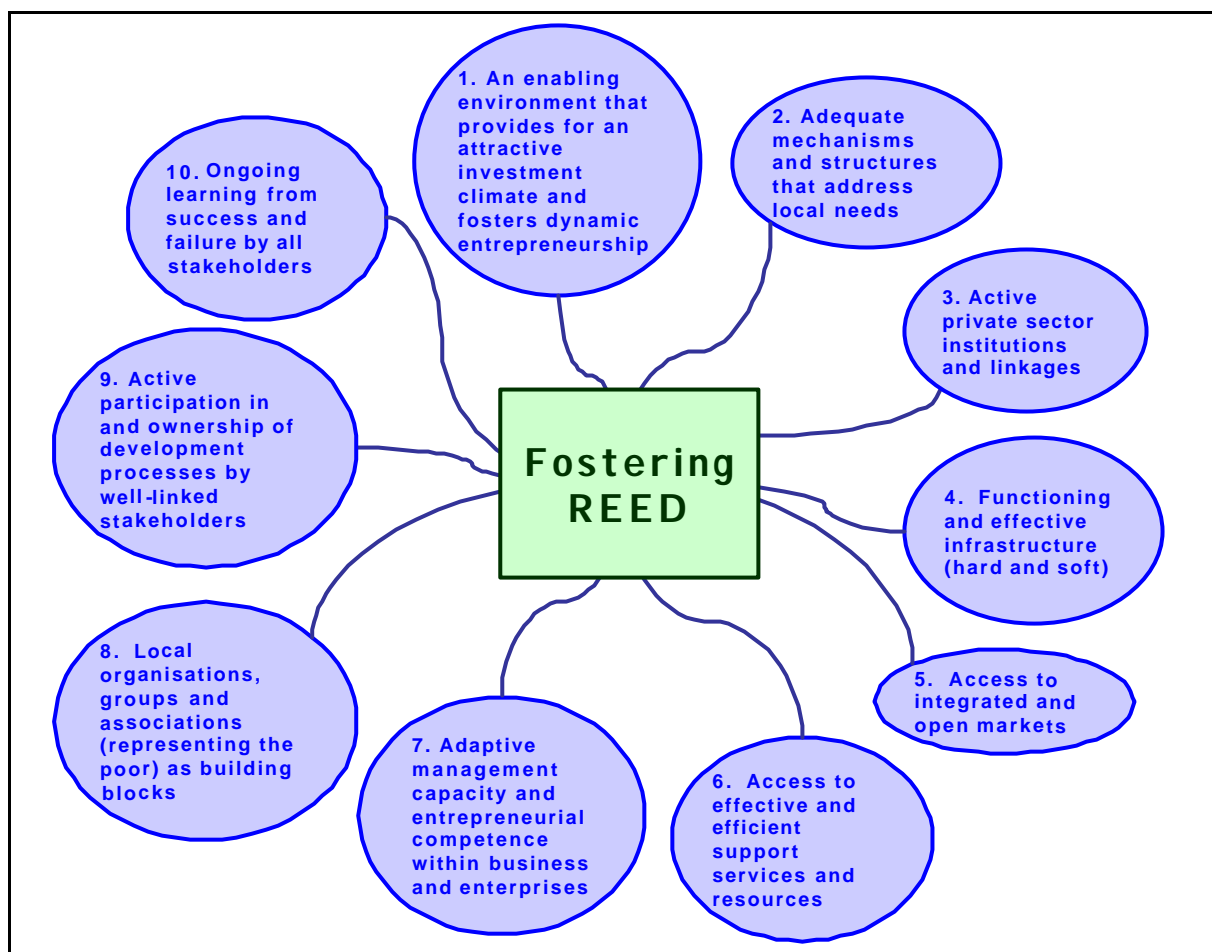
The REED framework can be applied at different levels, i.e., national and regional, because it is area-based. For example, many decisions concerning the political, economic and institutional environment for Rural Economic and Enterprise Development are made at national level. Decision-makers on public policies for rural areas are charged with designing strategies for rural development. Increasingly, this is done in a programmatic way, such as in inter-ministerial committees for designing PRSPs, sector investment programmes (SIPs) and sector-wide approaches (SWAPs). The REED framework adds value to the planning process because it feeds the perceptions, needs and experiences of relevant stakeholders in a systematic way.

Where the focus is on developing a certain region (at sub-national level), regional development authorities can use the REED framework to create a dynamic environment for economic activity and to stimulate innovation. In this way, the specific characteristics of the region and the relevant framework conditions can be taken into consideration when elaborating and formulating key strategies, processes and possible ways to implement them, related to the individual cornerstones (see Figure 1).

Within the cycle of typical government and donor-supported public investment, policies/interventions, there are several options for applying the REED framework. It can be used as follows:

- *as a diagnostic tool* for assessing the nature of the existing interventions in the rural space and identifying gaps and synergies for future project design;
- *as a tool for developing strategies and designing new programmes and projects.* The REED framework should be used to analyse the current situation with participating stakeholders, to simplify the selection of appropriate partners and to prioritise core activities. The main areas of project intervention are defined on the basis of the joint analysis. Key functions and related possible partners are identified in an inclusive and rigorous process in which partners can benefit from synergies;
- *as a tool for monitoring and evaluating on-going investment and policy.* Implementation teams can use the framework to reflect on their intervention and analyse the state of the art for each cornerstone. This helps them to reach a common perspective on where they are, what they consider successful, and what the knowledge and design gaps. An iterative self-reflection (e.g., every half year or annually) with the whole team and some stakeholders can be a powerful way of steering an intervention, and learning systematically together;
- *as a knowledge management tool.* The lessons, experiences and methodologies or tools used to enhance each of these cornerstones can be collected, synthesised across programmes, and fed back into the framework in a rigorous and systematic way, enhancing learning in institutions and networks (e.g., through interactive websites);
- *as a tool to create a common understanding and vision* among a diverse range of stakeholders and partners involved in implementing Rural Economic and Enterprise Development. The joint perspective of the stakeholders may be a precondition for successful changes. For example, if the cornerstone is ‘active private sector institutions’, the partners have to clarify what they mean by ‘active’ and set criteria.

Figure 1: Rural Economic and Enterprise Development Cornerstones



There are at least three emerging issues in the application of the Rural Economic and Enterprise Development framework to rural-urban linkages and local economic development:

1. Thinking about economic and livelihood strategies to compliment other planning and management efforts is still very new. The traditional approaches to development until recently have been centralized and donor driven, with local bodies left with performing a largely maintenance function.
2. There is a need to conceptualize economic development strategies in a trans-municipal perspective, including its institutional setting
3. There is a need for a common forum and mechanisms to link policy, procedures and interventions from an industrial perspective (the promotion of small and cottage based industries), those categorised under district development (the promotion of self help groups), small town/ cultural tourism, and urban management.

2 Research approach

The project team will work on building a common understanding with both in-country and international collaborators (in particular DFID), developing a shared REED conceptual framework, undertaking exploratory work and agreeing on specific research focuses, sites, teams and procedures prior to the full in-country piloting of the REED framework.

This study will comprise sociological and economic approaches to generate:

- (a) a micro and meso-level understanding of REED and its potential social, economic and institutional impact in certain field sites, and
- (b) a link between this and the national picture provided by the Living Standards Measurement Survey (LSMS) and Household Budget Surveys, allowing these to be better understood and acted upon by policy-makers.

The table below summarises some issues underlying REED and local economic development (LED) related to potential methodological tools to explore them.

<i>Issue(s) /Purpose</i>	<i>Potential Methodological Tools</i>
Assessment of community physical/ natural assets	Participatory Mapping Secondary data on economy, employment and demography
Exploration of local resources and development conditions	Transect walks Focus group discussions
Understanding different SME and MSME activities	Focus group discussions
Gaining in-depth knowledge of specific issues, structures and organizations	Key informant discussions In-depth interviews and institutional audits
Following-up and illustrating specific issues	Case studies – semi-structured interviews
Stakeholder perceptions, attitudes, meanings and values (social assets)	Focus group workshops, semi-structured interviews
Impact of sectoral policy frameworks on LED	Empirical analysis of secondary data Case studies – SAM/PAM
Information on the factors that constrain the poor's access to employment and SME development	HH survey/ secondary data/ questionnaire/ Enterprise questionnaires
Identification of needs for the development of the local economy	Focus group discussions, key informant discussion, enterprise questionnaires

The primary micro-and meso level data collection will be in two peri-urban and/or rural field sites in Bangladesh and two in South Africa. At the macro, national level, we will utilise existing LSMS data but also where possible Household Budget Surveys which will help us to identify the poor and provide additional information on enterprise and household characteristics.

The field studies will use PRA techniques, questionnaires and simple surveys where appropriate. Data will be collected on the availability and type of enterprise and employment opportunities from all sources.

Our fieldwork will include stakeholder interviews, focus groups; and case studies based on the pilot. Together, these would highlight specific household and community level, demographic, gender, physical, financial and social capital factors which underlie both the adoption of and access to employment and income diversification opportunities (also through enterprises) in the peri-urban/ rural economy. The case studies should also highlight linkages between such opportunities and the institutional environment, and linkages between the farm and non-farm sectors, whilst placing particular emphasis on the poor, and the delivery of services to rural areas. We also propose to undertake action research on weak/ missing elements of the framework such as microfinance, and the political and institutional components of REED. The team will also pull-together the experiences of the piloting for consolidation and review of the REED framework, both in-country and across the two countries with local and donor partners.

In order to ensure that there is consistency in the approach and methodology in the different field sites where micro-level data is to be collected; workshops will have a dual role: planning and research presentation.

3 Research Objectives

The research aims to develop further a conceptual framework and project tool for the fostering of rural economic and enterprise development with wide applicability, through conducting case studies in Bangladesh and South Africa. In pursuit of this, the component has four outputs:

1. The application of the REED framework will provide guidance on pro-poor public policy and institutional support at local and national government levels, conducting case studies in Bangladesh and South Africa.
2. Refine and develop the conceptual framework so that it can address gaps in the framework.
3. Pilot the approach in Bangladesh and South Africa. Enhanced mechanisms for integrating research results into relevant policy processes.

Research process

The research process proposed involves the following main elements (see Figure 2 for more information):

1. Collating an overview of existing research (meta analysis) in relation to pro-poor LED, including an understanding and application of pro-poor LED nationally and locally, with a particular focus on issues of monitoring and evaluation. This would include reviewing the typologies and categories of LED interventions in relation to pro-poor interventions and impacts (the mix of mechanisms building on existing work and evaluations of what has been achieved in South Africa and Bangladesh) and refining a typology of LED in South Africa.
2. An overview of the current policy context in the country to identify current policy foci and support.
3. A review of approaches to pro-poor LED in each country.
4. Up to six case studies per country, where possible building on existing research and data collection.
5. An end of project workshop including the reference group and practitioners, as well as linkage to other LED projects.

Inception Phase

- Literature Review
- Identification of in-country research partners
- Interactive consultation with policy-makers and in-country stakeholders
- Joint planning with local partners and other interested development agencies (e.g. GTZ).
- Selection of case-study sites/ regions
- Initial workshop (South Africa, January 2004; Bangladesh November 2004) – Present REED framework and identify key cornerstones for “action” research

Research activities in each study area

- A study which assesses the institutional and policy context for LED in each country.
- A review of relevant literature and secondary data, and dialogue with key stakeholders.
- A full inventory of the existing data and research on LED in each country.
- Consultation with in-country stakeholders and review of secondary data to choose study areas.
- Identify and develop mechanisms for policy-research linkages.
- Baseline survey / initiate case studies on identified cornerstones. Baseline (community level)

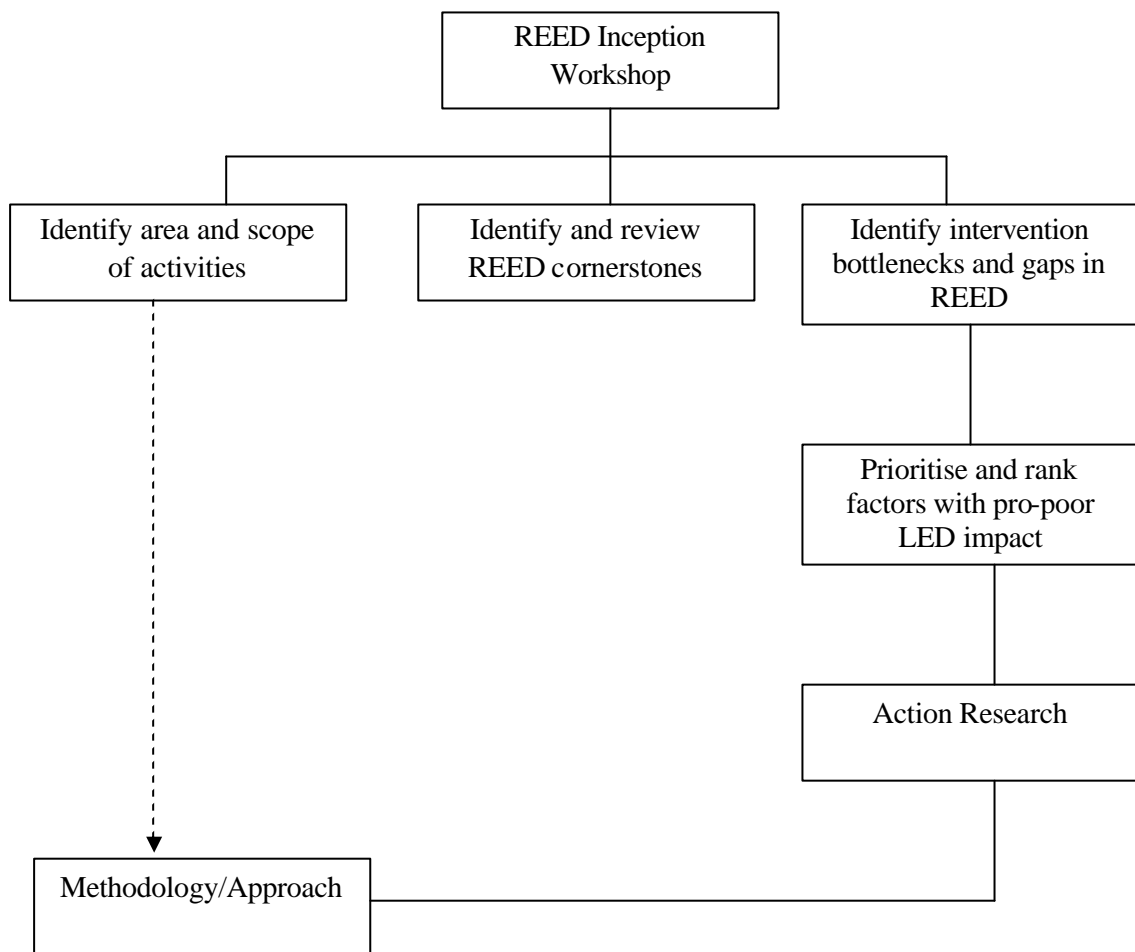
survey (case studies) to identify the range of LED activity in which populations are engaged; develop a typology of LED activities and pro-poor LED orientation cross-sectorally.

- Pilot case studies, and extend this initial survey to other areas in the same country.
- Write-up results and disseminate findings. Uptake pathways would include dissemination through the informal donor task group on local economic development.

We intend to adopt the following *in-country* REED piloting process to be applied in each country:

- Step I. In a defined geographical area (e.g., district, province), stakeholders involved in REED will be identified and invited to a workshop.
- Step II. The framework will be applied to analyse the existing situation in that area and identify potential areas of improvement.
- Step III. Cornerstones, their interdependencies, strengths and gaps will be identified by detailed analysis and self-assessment. Some cornerstones might not require any action if they are already in place.
- Step IV. The gaps or shortcomings blocking the exploitation of the economic potential of the region/municipality/institution will be analysed in detail and prioritised by their hindering effect in the system.
- Step V. Factors with the greatest negative impact should be addressed through intervention, but generally the stakeholders will analyse the required interventions strategically and rank them from highest to lowest likelihood of having positive impact or from least to most action involved.
- Step VI. Once the possible interventions are identified, “action research” and implementation strategies can be planned and the roles of the different actors and their mutual expectations can be clarified. Although implementation is beyond the scope of this project, additional steps for consolidation of country study results, further research and amendment / review of REED framework can be undertaken.

Figure 2 Potential schematic for initial research process



4 The Research Process: South Africa

1. Decentralisation processes are now in place throughout all Provincial Governments and differing models of local economic development are being taken forward to address particular needs and to respond to local circumstances.
2. A donor platform is coordinated through the Local Government Administration of South Africa for shared learning on LED and decentralisation. A number of donors are funding work related to REED/LED/common property management, including GTZ, USAID, EU, WB. As a project output, a lesson-sharing event in the context of REED could be useful. Donors tend to focus on specific provinces and the sharing of development practice between donors and Provinces has been limited.
3. Peri-urban planning and development in South Africa remains a key challenge.
4. In search of partners, NRI needs to work with other research institutions, postgraduate students, NGOs, donors and government bodies where there is scope for matching funds to both develop the research and to build ownership and joint learning. Following discussions with the University of Free

State¹ and in the light of interest expressed by GTZ in deepening the work subject to possible funding made through the Mpumalunga Provincial Government Office of the Premier's Economics Research Group, these two locations/institutions are anticipated as project partners.

5. NRI would plan to pilot REED within the framework of the urban – rural setting in Philippolis, Free State and in Kimberley Northern Cape Province. Elements of this would include: Rural-Urban linkages, economic activity etc. The University of Free State may be interested to work with the NRI team coordinated through either the Centre for Development Support² (CDS) or the new Community Services Learning Directorate and possible co-funding (i.e. £10,000 – 15,000) may be sought through the new Premier's Economic Advisory Council. The NRI team are keen that efforts should focus on practical fieldwork and build on existing case material. Postgraduates from CDS might offer a pool of interested collaborator researchers. Such options will need to be fully explored jointly with key partners.

6. Common land is on the agenda of the Free State – in particular arid lands. The challenge is to cover both primary and secondary level land reform issues and peri-urban land (NB municipalities have largely focused their efforts on urban development), in particular in close proximity to urban areas where economic opportunities exist, needs further attention. The programme for land and agricultural studies (PLAAS) of the University of Western Cape is relevant to the REED agenda.

7. NRI have held preliminary meetings with the GTZ programme in Mpumalunga and with the Mpumalunga Provincial Government Office in June 2004. Opportunities for joint collaboration between the two programmes exist, in particular for strategic support to the Provincial processes of economic development and linking rural and urban development. This will be explored further by the GTZ programme during the November 2004 Provincial meeting on LED.

The research process proposed for South Africa involves the following main elements:

1. Collating an overview of existing research (meta analysis) in relation to pro-poor LED, including an understanding and application of pro-poor LED nationally and locally, with a particular focus on issues of monitoring and evaluation. This would include reviewing the typologies and categories of LED interventions in relation to pro-poor interventions and impacts (the mix of mechanisms building on existing work and evaluations of what has been achieved in SA) and refining a typology of LED in South Africa. *NRI would seek to contract a postgraduate student to undertake the review building on a range of ongoing work.*
2. An overview of the current policy context in the country to identify current policy foci and support. *NRI would seek to contract a postgraduate student to undertake the review.*
3. A review of approaches to pro-poor LED in Free State and Mpumalunga. *NRI in collaboration with CDS, Doreen Atkinson, Josef Grimm (GTZ) and other interested parties, including Etienne Nel Rhodes University, Khanya, HSRC.*
4. Up to 6 case studies in Free State, building on existing research (Logosul and GTZ case studies conducted in Mpumalunga for comparative purposes) and data collection.

¹ NRI REED team on 30th June, 2004 -met with Doreen Atkinson – Associate, University of the Free State, Faculty of Economic and Management Sciences, Centre for Development Support.

² The Centre for Development Support (CDS) is a progressive research and development unit within the Faculty of Economic and Management Sciences at the University of the Free State (UFS) with the broad aim of promoting sustainable human development in the broader South African society. In addition to this the CDS also presents a two-year multi-disciplinary Masters Programme in Development Studies (MDS). Relevant completed CDS research and development projects 2003:

- Local Economic Development in the Free State: An assessment of its current status
- An assessment of the IDP in Maluti-a-Phofung.
- Support to the poverty relief projects of the Department of Social Development in the Free State.

5. An end project workshop including the reference group and practitioners, as well as linkage to other LED projects.

NRI has further offered to contribute to the World Bank's "Pro-poor Local Economic Development in South Africa" process by using the REED framework for monitoring and evaluation purposes and to participate in their end of project workshop³.

The emphasis of the study is on peri-urban and particularly rural areas, where the socio-economic situation is most severe. South Africa is very dualistic, and 50% of the population live in rural areas. There is also a challenge around the pro-poor aspects of LED approaches. We will need to differentiate between LED through the REED framework impacting on:

- Livelihoods (consider assets and vulnerabilities - skills, income, gender etc.)
- Employment (and if possible migration)
- Businesses
- Poverty reduction (*inter alia* pro-poor growth)

5 The Research Process: Bangladesh

The research process for Bangladesh will be drafted in consultation with local partners following start up workshop scheduled for November 2004.

³ See also World Bank project: *Proposal to investigate pro-poor LED in South Africa. 2004 – 2005*. Funded through Netherlands Trust Funds; and EU project 37m euro, 6-year Local Economic Development Support Programme in KwaZulu Natal Province. EuropeAid 1116983/D/SV/ZA. Registration number SA/1009/000.

6 Time schedule and work program

A study of approximately 22 months is envisaged. It is scheduled to start on May 17th 2004, and the final draft of the project report to be submitted by February 16th 2006. The program of work is shown in Figure 3.

Figure 3 Time schedule

	Time-Schedule:																								
	2004								2005												2006				
	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F			
Work Program:																									
Inception Phase, First Planning Meetings South Africa & Bangladesh	■	■							■																
Inception Phase, First Planning Meetings Bangladesh							■																		
Literature Review			■	■	■	■																			
Participate in GTZ Mpumalunga Workshop							■																		
Methodology development & baseline studies						■	■	■																	
Appraisal of institutional & policy context for REED in - South Africa									■	■	■														
Appraisal of institutional & policy context for REED in - Bangladesh									■	■	■														
Second Workshop South Africa																						■			
Second Workshop Bangladesh																							■		
REED case studies (piloting the framework) SA												■	■	■	■	■	■	■	■	■			■		
REED case studies (piloting the framework) BGH																							■		
Mid-term report											■	■													
Development of REED guidelines for each country																						■	■	■	■
GTZ, NRI & SDA joint International REED workshop in Sri Lanka																							■		
Main dissemination phase (publications, reports etc.)																							■	■	■
Final Workshop																								■	■
Final Report																								■	■

7 Concluding remarks

It could be argued that the Rural Economic and Enterprise Development framework can promote holistic cross-sectoral strategy formulation in the following areas:

- Local economy and enterprise development:
- Micro-finance;
- Market access;
- Cluster based technical training;
- Cluster specific support services;
- Local government in partnership with entrepreneur associations to manage common service, design, training marketing centres
- Multipliers from cultural tourism;
- Opportunities for land re-use from derelict industries;
- Strategic policy forum at the regional level to reinforce the regional advantage of individual clusters.

The REED framework provides a potential link to the above points via existing governance structures endowed with the ability to formulate cross sector economic strategies. From our review of a range of studies (see Davis, 2003; Wandschneider, 2003) development practitioners will also need to focus on innovative possibilities. In the UK and some South Asian countries, relatively new policy areas include enterprise friendly land use and regulatory frameworks (see Phillipson, 2004). This would include the re-use of industrial land in ways that promote local employment. Another would be to encourage the diversity of tenure and links to infrastructure upgrading that have extensive and immediate positive economic impacts for the poorest.

Our efforts through Rural Economic and Enterprise Development enable us to: (i) draw on these experiences to explore how these initiatives can be built on by local groups and shape public policy to be even more locally responsive and space opened up for partnerships; and (ii) to specify an institutional interface and appropriate technology that is open-ended and innovative, supported by field level experiences.



Natural
Resources
Institute

Natural Resources Institute
University of Greenwich at Medway
Central Avenue
Chatham Maritime
Kent ME4 4TB

Tel: +44 (0) 1634 880088
Fax: +44 (0) 1634 880066/880077
Website: <http://www.nri.org/projects/reed>
E-mail: nri@greenwich.ac.uk

University of Greenwich
Maritime Greenwich campus
Old Royal Naval College
Park Row
London SE10 9LS



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