
IDELE YEAR 2 REPORT – Identification, Dissemination and Exchange of Good Practice in the Field of Local Employment Development and Promoting Better Governance

Invitation to Tender No. VT/2003/039
Contract No. VC/2004/0429

Report for 2004-05, submitted to the Employment, Social Affairs
and Equal Opportunities DG of the European Commission

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EXECUTIVE SUMMARY

Introduction

IDELE is a key element of the European Commission's programme to encourage the *Identification, Dissemination and Exchange* of good practice in the field of *Local Employment* development and promoting better governance. It is a three-year project implemented by ECOTEC Research and Consulting on behalf of the European Commission Directorate General for Employment, Social Affairs and Equal Opportunities.

Activity within IDELE aims to highlight and enhance the contribution of local employment development (LED) to the objectives of the European Employment Strategy (EES) and thus to the EU's strategic goal: *to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*. This activity is based on key principles regarding best practice in local employment development and the best means to identify, disseminate and exchange it. These principles are set out in the overarching *Conceptual Framework*¹, which is guiding the IDELE process.

This report describes activities undertaken and lessons emerging in Year 2 (2004/05).

Year 2 activity

Being guided by the IDELE Conceptual Framework, activity in the second year has continued to facilitate *conversations and shared learning* between stakeholders in local employment development and *benchmarking* (in an informal sense) of best practice. The conversations, shared learning and benchmarking have been facilitated through various means, including research, one-to-one discussions, seminars and on-line dissemination.

Specific activities have included:

- identifying and selecting good practice examples of local and regional employment policies and better governance, using the methods developed in Year 1;
- organising four one-day seminars;
- production of thematic papers based on the subject matter of the seminars;
- maintenance of the IDELE web site featuring information about the seminars, programme background material, useful links, etc.; and
- production of this final Year 2 report.

¹ See IDELE Year 1 report.

Lessons from Year 2

With the support of the European Commission, LED has become an important element of the EU's Integrated Guidelines for Growth and Jobs. LED is to be promoted through the European Employment Strategy, primarily through the open method of co-ordination (OMC). The OMC offers strategic guidelines and then invites policy actors to find their own best ways of achieving objectives. After a long period of innovative action in LED, the case for LED has been made. The need is now to consolidate and to mainstream the policy lessons, learning and activities emerging from this action, in line with the OMC. The second year of IDELE has thus been about identifying, disseminating and exchanging best practice within a process of Europe-wide benchmarking and to explore the implications of the new policy context.

IDELE considered four themes in the second year, which were designed to address the wider policy debate about what should be taken from the experience of local projects set up during the experimental phase and transferred to the mainstream. The tone was less a celebration of past successes and more about looking forward to see how this success could be sustained and transferred.

In each case, the theme was a mainstream policy issue for the EU - lifelong learning, good governance, financial sustainability, cross-border issues in an enlarged Europe – looked at through the 'lens' of the local and illustrated by best practice examples in each case. This process provided rich debates and new and critical insights, summarised in the table below.

Theme	Key Lessons
<p><i>Maximising Employment Potential: local approaches to lifelong learning</i></p> <p>(Seminar in Thessaloniki, Greece, 21-22 April 2005)</p>	<ul style="list-style-type: none"> • A local approach to lifelong learning strategies is vital because local actors are best placed to identify local needs. • Lifelong learning is an essential element of local employment and development strategies – it builds the human capital necessary to respond to and implement change. • Local lifelong learning needs good institutional links, openness to new ideas and political, financial and practical support. • Local lifelong learning partnerships need collaborative working, clear strategic direction and resources pooled for the common good. • Barriers to success include institutional rivalry, over-regulation, lack of consensus and weak institutional capacity. • Higher-level policy (national, regional, etc.) needs to facilitate not dictate local strategies and partnerships and allow sufficient time for them to develop. • Local lifelong learning is most impressive where there is strong ‘local identity’. • Local lifelong learning strategies must be flexible enough to deal with changing demographics. • A key challenge is to mainstream EU-funded local lifelong activity as the funding diminishes.
<p><i>Connecting the local: linking local employment and economic development into national and regional governance systems</i></p> <p>(Seminar in Faro, Portugal, 12-13 May 2005)</p>	<ul style="list-style-type: none"> • Mainstream (national, regional) programmes should be flexible in enabling the local level to contribute at the most appropriate stage(s) – whether in the <i>conception</i> <u>and/or</u> the <i>management</i> <u>and/or</u> the <i>implementation</i> of policy actions. • Local partnerships require <i>legitimacy</i> to operate successfully. Legitimacy appears in four forms: <i>mandatory/legal</i>, i.e. prescribed by law; <i>administrative</i>, i.e. appointed by government; <i>voluntary</i>, i.e. supported popularly; <i>functional</i>, i.e. the most efficient. • Local employment partnerships might have one (or more) of three types of rationale for activity: <i>filling local gaps</i> in services; <i>co-ordinating and integrating</i> different actors; <i>vertically integrating or brokering activities</i> for a given locality. • Local activity should be seen as an <i>integral part</i> of the system of policy development and implementation – not just the end of the ‘delivery arm’. • Local and regional actors should build ‘bridges’ across different levels of governance.

Theme	Key Lessons
<p><i>Alternatives to the grant culture: sustainable finance for local employment development</i></p> <p>(Seminar in Nice, France, 9-10 June)</p>	<ul style="list-style-type: none"> • Variety in governance is needed to respond to change. ‘Arms-length’ public interest companies may be able to fill gaps and overcome the inertia of formal governance systems. • Local employment development faces the likelihood of reducing European funding post-2006 in addition to greater fiscal restraint at the national level. • Some – but too few - local actors have responded by lobbying their domestic public bodies or considering how to create new revenue streams and/or encouraging banks to lend them money. • It may be suitable for some organisations to become <i>social enterprises</i>. But they will require effective intermediary support organisations. They will also need to balance a ‘market’ ethos with their public service mission. • The <i>social banking movement</i> shows potential for growth. The Community Development Finance Instruments sector still has to overcome many barriers to reach an efficient scale of operation. • Even if the mass of local employment development promoters disappear, ideas and practices can and should be <i>embedded</i> in mainstream policy and practice.
<p><i>Cross-border co-operation for local employment development</i></p> <p>(Seminar in Copenhagen, Denmark, 7-8 July 2005)</p>	<ul style="list-style-type: none"> • Cross-border localities are where the ‘gaps’ in the European single market are most evident. They are ‘laboratories’ of EU policy, highlighting wider dilemmas and solutions. • Border localities must find creative ways for different national legislation and systems to work to the benefit of cross-border workers and their employers. • Wage differentials alone are insufficient to stimulate cross-border mobility. Local cross-border partnerships should provide practical support for workers in terms of information, advice and guidance, particularly for lower-paid workers. • To retain hi-tech, high value-added employers and their staff, cross-border localities should create the best possible ‘wider package’ including employment, healthcare, housing, social security, etc. • Local cross-border co-operation can create scope and scale, reducing the cost of providing services and aggregating markets for goods, services and labour. • New transport infrastructure can be an opportunity and a threat to cross-border localities. Local actors may need to create new economic opportunities for residents and businesses. • Cross-border co-operation can help regularise informal or illegal economic activity stimulated by differences in national systems of legislation, tax, etc.

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Theme	Key Lessons
	<ul style="list-style-type: none">• Broad economic development is a necessary but not sufficient condition for resolving conflicts in border localities. Bottom-up, participative approaches to local employment development encompassing cultural diversity are required.• Cross-border partnerships require particular governance structures that can do what national bodies are unable or unwilling to do.

1.0 INTRODUCTION

IDELE is a key element of the European Commission's aim to encourage the *I*dentification, *D*issemination and *E*xchange of good practice in the field of *L*ocal *E*mployment development and promoting better governance. It is a three-year project implemented by ECOTEC Research and Consulting on behalf of the European Commission, Directorate General for Employment, Social Affairs and Equal Opportunities.

Activity within IDELE aims to highlight and enhance the contribution of local employment development to the objectives of the European Employment Strategy (EES) and thus to the EU's strategic goal: *to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*. This activity is based on key principles regarding best practice in local employment development and the best means to identify, disseminate and exchange it. These principles are outlined in the overarching *Conceptual Framework*², which is guiding the IDELE process.

ECOTEC Research and Consulting Ltd is pleased to present this report for the second year of the IDELE project, *Identification, Dissemination and Exchange of good practice in the field of Local Employment development and promoting better governance*. The report describes activities undertaken and presents lessons emerging in Year 2 (2004-05). It thus fulfils the requirements of ECOTEC's contract with the European Commission VC/2004/0429.

The report sets out:

- Summary of activity in Year 2 (Section 2);
- Activity undertaken in the Identification phase (Section 3);
- Activity undertaken in the Exchange phase (Section 4);
- Activity undertaken in the Dissemination phase (Section 5);
- Lessons from Year 2 (Section 6 to 10);
- Outcomes of research into the four themes (Annexes II to V).

² See IDELE Year 1 report.

2.0 SUMMARY OF ACTIVITY IN YEAR 2

ECOTEC has undertaken activity in Year 2 in accordance with the Technical Specification of the Invitation to Tender No.VT/2003/039 and the approved Methodological Note.

Guided by the IDELE Conceptual Framework, activity in the first two years has facilitated *conversations and shared learning* between stakeholders in local employment development and *benchmarking* (in an informal sense) of best practice. These have been facilitated through various means, including research, one-to-one discussions, seminars and on-line dissemination in accordance with a methodology that includes the following components:

- developing approaches for identifying and selecting good practices of local and regional employment policies and better governance;
- selecting participants for, planning and facilitating four seminars with the following themes, dates and locations:

Theme	Location	Date
Maximising Employment Potential: local approaches to lifelong learning	Thessaloniki, Greece	21-22 April 2005
Connecting the local: linking local employment and economic development into national and regional governance systems	Faro, Portugal	12-13 May 2005
Alternatives to the grant culture: sustainable finance for local employment development	Nice, France	9-10 June 2005
Cross-border co-operation for local employment development	Copenhagen, Denmark	7-8 July 2005

- production of a thematic paper on the subject matter of each seminar;
- dissemination activity, primarily the maintenance of the IDELE web site featuring information about the seminars, programme background material, useful links, etc.³; and
- production of this final Year 2 report, containing a summary of the lessons learned, as well as details of work carried out to date.

Year 3 will build on the outcomes and learning from Years 1 and 2 with the overall set of thematic papers providing a summary of the lessons from experience and their implications for policy.

³ Year 2 outputs such as thematic reports will be disseminated early in Year 3.

With two years experience of developing the IDELE approach we are able to point to some key learning about how best to carry out this sort of intensive seminar approach where the aim is to facilitate conversation and shared learning among carefully selected and well-prepared participants. We would offer the following observations:

Engaging the participants: appropriate preparation and conveying the ethos of the seminars

- The identification phase, properly carried out, can present an opportunity to capture lessons from experience and emerging conclusions for policy in addition to its function as the means to identifying good practice examples for invitation to each seminar.
- The identification phase can be an intensive and lengthy process but close engagement with project promoters is vital to move participants away from the traditional ‘showcasing’ of project examples and to a more self-reflective approach that can add to wider learning.
- The aim should be to capture their views on local *strategies* and overall approaches as well as reporting the experience of their own project – promoters have to be guided to see the seminars as an invitation to debate, validate and crystallise conclusions for policy as well as to draw out lessons from their own example of good practice.
- Presentations from experts are essential to the seminars, but are primarily a facilitative means to inform and open up discussion and experts need to be made aware of this.
- The key outcome of the each seminar is the collective learning of the group - captured in the thematic paper that follows.
- There is a need to tailor dissemination to very different audiences: experts/academics, practitioners and policymakers at local, regional, national and EU levels. This presents a particular challenge in the preparation of reports and web outputs.

Setting up and facilitating the seminars

- There have been substantial benefits from supplying participants with more in-depth background material (project fiches, for example) and setting out the key issues for debate and the key questions to be addressed in advance of seminars.
- Organising the seminars over two days (lunchtime to lunchtime) enables us to bring participants into line with the informal ethos of IDELE events and helps us to give them the confidence to be full participants in open debate and discussion.
- The first morning briefing session has provided an opportunity for the IDELE team to meet presenters, help them highlight particularly salient points and to advise on final revisions to their presentations to make the seminars more effective.
- The formal end at mid-day on day two allows the IDELE team and the Commission representatives to spend the afternoon taking stock, reviewing the discussions and crystallising key conclusions *before leaving the venue* and hence while the theme is still fresh in people’s minds.
- Delivering all four seminars before the summer provides advantages through leaving the summer and autumn free for analysis and reporting.

3.0 IDENTIFICATION

3.1 *Selecting the themes for the Year 2 Seminars*

The essence of IDELE in 2005 was to move from the largely geographical perspective of 2004 to a more thematic approach. The themes were designed to address the wider policy debate about what should be taken from the experience of local projects set up during the experimental phase and transferred to the mainstream

Four seminar topics were selected at the planning stage for IDELE Year Two. These were:

- Maximising employment potential: local approaches to lifelong learning
- Connecting the local: linking local employment and economic development into national and regional governance
- Alternatives to the grant culture: sustainable finance for local employment development
- Cross-border and trans-national co-operation for local employment development

3.2 *Understanding the theme*

Before beginning the process of identifying good practice examples, presenters and seminar participants, we undertook background research into the theme for each seminar. This was designed to give broad definition to the theme under consideration to consider some of the opportunities and challenges for policy and practice and to investigate current approaches. On the basis of this a background paper was produced that was circulated to seminar participants and that helped inform the final thematic reports.

3.3 *The process for identifying good practice partnerships*

The methodology for the identification of best practice examples for IDELE was broadly similar to that undertaken in Year 1. Rather than carrying out an initial general survey of local employment development projects across Europe, we took a more focused and pragmatic approach, whereby we investigated relevant networks to identify contacts and best practice examples on a theme basis for each seminar.

3.4 *Identifying best practice examples*

In identifying best practice examples, our aim was to identify the best EU examples of local employment development actions undertaken by local partnerships and local authorities in accordance with the theme. In order to identify the best examples, we took a dual approach.

This involved:

- asking known academic experts, policy experts and networks (listed in Annex I) to provide good practice examples known to them (top-down approach) and to provide key contacts for these good practice examples;
- asking known good local employment projects/partnerships in the theme areas (identified by team members from previous evaluations; evaluation material; and Commission databases) about best examples known to them and contacts; and
- searching existing databases of projects and tools funded under the EU funding programmes listed in Table 3.1.

Table 3.1 EU Programmes Searched as Sources for Best Practice Examples

Territorial Employment Pacts (TEPs)
EQUAL
URBAN I
URBAN II
Article 6
Third System and Employment Pilot Action
Urban Pilot Projects
Interreg IIIA
Structural and Cohesion Funds (from the DG Regio <i>Success Stories</i> database)

Through this approach, we built a database of best practice partnerships relevant to each Year 2 theme. For each theme, we developed a long list of about 20 partnerships and then selected a number that were most appropriate to the seminar. Information on the remaining projects was retained within the IDELE database as an output in itself for possible use in future IDELE seminars.

Each of the selected projects was asked to present a summary of their experience at the seminar. In identifying relevant projects to make seminar presentations, we applied the criteria set out in the Terms of Reference for this contract through:

- demonstrating the effectiveness of specific policies and methods used to strengthen the local dimension of the European Employment Strategy;
- the potential for transferability of the tools and approaches used to other territories within Europe (old and new Member States); and
- the potential for dissemination and a ‘multiplier’ effect at a local and regional level.

Due to the multi-dimensional nature of LED, horizontal themes were an integral part of each seminar. We therefore also sought evidence of good practice in meeting various horizontal themes including:

- Sustainable and inclusive partnerships;
- Strong management skills;
- Innovation in terms of both processes and outcomes;
- Good governance and partnership;
- Capacity building of local actors;
- Equal opportunities between men and women;
- Achieving the greatest possible impact on excluded groups and marginalised local places;
and
- Evaluation, use of indicators and benchmarking.

While the ability to sustain themselves over time was to be a key criterion for identifying good practice projects, we also sought to involve new players, projects and voices within the seminars rather than those projects that have presented many times before at European events. Consequently, we selected some examples that had not been directly funded by the EU. Indeed, examples presented at the Nice seminar were selected for their potential to sustain themselves without the benefit of EU funding.

3.5 Telephone interviews

In order to select the best practice partnerships to speak at the seminars, we interviewed potential partnerships from the long list of projects. These interviews enabled us to probe more deeply into the particular characteristics of the projects that were of interest. We also used the opportunity to introduce and discuss each seminar theme in more detail.

Project fiches were completed for each project. These act as a diagnosis tool or in some cases a ‘self-diagnosis’ tool helping to crystallise out salient features of interest to the theme in question. In most cases, we already had a significant amount of data about the projects identified through our search of European funding databases. We therefore did not use the template to seek detailed information about activities or outputs achieved, but instead to identify more information about particular success factors and lessons learnt. In order to ensure maximum participation of the project representatives in the agenda for each seminar, we also asked each project to provide us with a summary of the issues they would most like to see addressed.

In each of the four seminar locations, we also invited one or more local stakeholders or employment partnerships to attend the event, some of whom also presented. The Thessaloniki seminar also invited representatives of the European Centre for the Development of Vocational Training (CEDEFOP⁴), given its location in that city.

⁴ CEDEFOP is a European agency that helps promote and develop vocational education and training in the EU. See: www.cedefop.gr.

3.6 The process for identifying seminar participants

As required by the Terms of Reference for this contract, seminar participants included ‘representatives and actors from all levels, in particular regional and local, independent experts and Commission Staff’.

To achieve the right participants for the seminars, we again used a triangulation approach. The academic experts, policy experts and network heads we contacted were asked for their suggestions as to possible participants for the seminars: either practitioners, policy makers or experts from the field. In addition, some of the project or partnership presenters were able to invite a policymaker to the seminar who was linked in some way to the project. In this way, we were able to exchange principles linked to the policy environment with relevance to each identified project.

We invited up to three experts to each seminar to give an overview of the key issues to be discussed. These experts were selected for their previous research in relation to the specific theme of the seminar and their experience of talking and debating these issues within European seminars. The events were also by attended by representatives of DG Employment, Social Affairs and Equal Opportunities.

Overall, we included a wide cross-section of participants taking into account:

- different levels of governance (local, sub-regional, regional, national etc);
- a broad geographical representation (avoiding concentrations of participants from individual countries, ensuring a spread across Europe);
- participants from ‘slack’ and ‘tight labour markets’; and
- participants from ‘complex’ and ‘simple’ governance structures⁵.

⁵ ‘Complex’ governance structures are characterised by the presence of multiple local stakeholders linked through formal and informal networks. Here, there are several levels of governance that have responsibilities for employment in local areas – national and regional as well as local itself. In this context, there will most likely also be a variety of other agencies and partnerships operational in areas relevant to LED. In ‘simple’ governance systems these institutional linkages are relatively undeveloped. Powers and competencies are generally concentrated in the hands of the central government and its agencies. Although sub-national tiers of government with significant devolved powers may be emerging, this process is not yet complete.

4.0 EXCHANGE (THE SEMINARS)

As stipulated in the Terms of Reference, ECOTEC organised four seminars in 2005. Each one was based on the good practice examples identified and involved an assessment of specific local and regional employment development policies, with the objective to determine whether and how they can effectively be implemented in other territories across Member States. Each seminar consisted of presentations from experts and examples of good practice partnership, interspersed by discussions and debates to validate and crystallise lessons from experience.

Thematic reports capturing the lessons learned from each seminar (and the research preceding it) have been produced and, following approval by the Commission, placed on the IDELE website for open access.

4.1 Thessaloniki Seminar

The first seminar focussed on the theme of ‘Maximising Employment Potential: local approaches to lifelong learning’ and took place at the Makedonia Palace Hotel, on 21-22 April 2005. For those arriving the evening before, there was an informal dinner the evening before attended by ECOTEC staff, delegates and the European Commission. A more formal dinner took place on the evening of the 21st. ECOTEC staff also took the opportunity of being in Thessaloniki to meet with staff from CEDEFOP. The conclusions of the Thessaloniki seminar are summarised in Section 7.

4.2 Faro Seminar

The second seminar focussed on the theme of ‘Connecting the local: linking local employment and economic development into national and regional governance systems’ and took place at the Pestana Alvor Praia hotel, near Faro, Algarve, Portugal, on 12-13 May 2005. For those arriving the evening before, there was an informal dinner the evening before attended by ECOTEC staff, delegates and the European Commission. A more formal dinner took place on the evening of the 12th. The conclusions of the Faro seminar are summarised in Section 8.

4.3 Nice Seminar

The third seminar focussed on the theme of ‘Alternatives to the grant culture: sustainable finance for local employment development’ and took place at the Hotel Ambassadeur, Juan-les-Pins, near Nice, France on 9-10 June 2005. For those arriving the evening before, there was an informal dinner the evening before attended by ECOTEC staff, delegates and the European Commission. A more formal dinner took place on the evening of the 9th, with an after-dinner speech from Christian Cabrol, Commercial Manager of the SAEM Sophia Antipolis Côte D’azur⁶, the company responsible for the development and commercial

⁶ www.sophia-antipolis.org

mission of the Sophia Antipolis science park and other departmental industrial development areas across the département. The conclusions of the Nice seminar are summarised in Section 9.

4.4 Copenhagen Seminar

The fourth seminar of 2005 focussed on the theme of ‘Cross-border co-operation for local employment development’ and took place at the Imperial Hotel, Copenhagen, Denmark, on 7-8 July 2005. For those arriving the evening before, there was an informal dinner the evening before attended by ECOTEC staff, delegates and the European Commission. A more formal dinner took place on the evening of the 8th at Tivoli Gardens. The conclusions of the Copenhagen seminar are summarised in Section 10.

5.0 DISSEMINATION

Dissemination is a vital part of the IDELE process and follows on naturally from the identification and exchange phases. Having captured and validated lessons from experience (as well as individual examples of good practice) in the thematic reports, the dissemination activities then transmit these lessons to a wider audience to achieve the desired impact of IDELE.

Overall, dissemination will increase within Year 3 of IDELE, since more of the setting up and initial research has been done in Years 1 and 2, and there will be more to disseminate in later years. For example, outputs from Year 2 will be disseminated at the start of Year 3.

5.1 IDELE identity

Throughout Year 2, we have used the project identity for IDELE developed in Year 1. This has allowed a consistent graphic approach to all the online and written materials (the website, letters, invitations, agenda, speaker notes, working papers, reports/dissemination materials, label for packs, PowerPoint presentations, name badges, name cards). The IDELE identity can be seen on the IDELE website. The EU logo has also been used alongside the IDELE logo as necessary.

5.2 Project Website

The IDELE project website⁷ is hosted on the ECOTEC website and reflects the overall ‘project identity’ of IDELE. It includes the following main elements:

- *Welcome* page introducing the project, its overall aims and objectives, role of ECOTEC and project ‘ownership’ by the European Commission;
- *Background* page featuring the rationale for IDELE and the Conceptual Framework;
- *Themes* page featuring details of the eight themes considered in Years 1 and 2;
- *Reports and Resources* page hosting the IDELE Thematic Reports, key policy documents (such as European Commission Communications) and research reports (such as those produced by the OECD LEED programme);
- *Links* page, providing links to key EU websites (such as the Local Employment Development pages of the Europa website), EU national ministries of labour, international organisations (such as the OECD); and
- *Contact* facility, enabling visitors to the site to contact ECOTEC.

All information is currently available in English but it is proposed to make parts of the site available in French over the course of Year 3.

⁷ www.ecotec.co.uk/idele

The website will be continually improved and updated throughout Year 3. Key tasks will be:

- adding (IDELE and other) news and events items to the site;
- hosting thematic reports and other project outputs, once approved by the Commission;
- incorporating the database of good practice projects;
- hosting additional useful information, such as policy documents, research reports, etc.; and
- increasing the French language content.

A database of contacts has been gathered during Years 1 and 2. A regular e-mail newsletter throughout Year 3 will direct visitors to the site to coincide with the release of key IDELE outputs.

5.3 Project Database

The research for each seminar and thematic report has identified a long list of good practice examples, including partnerships, strategies and projects. These examples have been collected into a database, a subsection of which is incorporated into each thematic report. The role of the database includes being a 'store' of good practice projects, listing contacts in local employment, acting as an identification tool (for example for future IDELE seminars), a tool for dissemination, i.e. mailing list for sending out summary reports, etc. compatible with use as part of a 'virtual community'.

The database captures the following information about each example:

- Partnership/project name and location;
- Description of the partnership;
- Purpose, target group and objectives;
- Activities and successes; and
- Contact details.

5.4 Thematic Outputs

Four thematic reports have been prepared during the course of the year. These are a comprehensive summary of our findings from the research and identification phase as well as the exchange and seminar phase. Once approved by the Commission, the reports will be published on the IDELE website and distributed electronically to the relevant seminar participants.

Early in Year 3, we will produce shorter thematic outputs that will contain the key lessons learned but will be customised to different audiences, e.g. policymakers, practitioners. These shorter reports will be available on the website and distributed electronically to a wider audience, but will also refer readers to the longer reports hosted on the website.

5.5 Networking

In addition to the dissemination activities above, the IDELE team has also linked into other networks and organisations. An early task in Year 1 was to establish links with key individuals and organisations as part of the process of researching the theme and identifying expert presenters and good practice examples. These links will now aid the dissemination process.

Links have been developed with the following:

- Association of Border Regions (AEBR): the AEBR's Secretary General, Jens Gabbe, was an expert presenter at the Copenhagen Seminar;
- Local Employment Development Association: the Association's Director, Alicia Barrett-Bruce attended the Copenhagen Seminar;
- Council of European Municipalities and Regions (CEMR): ECOTEC met representatives of CEMR with in Year 1 to introduce IDELE and gather information and contacts relevant to the seminars;
- Eurocities: similarly, ECOTEC has met representatives of Eurocities to inform them about IDELE; we will explore dissemination opportunities with Eurocities.
- Quartiers en Crise: ECOTEC met with Quartiers en Crise, which led to the participation of Haroon Saad as an expert presenter in the Berlin seminar;
- The Local Economic and Employment Development (LEED) programme of the Organisation for Economic Co-operation and Development (OECD): discussions with the OECD have led to the participation of representatives in seminars in Year 1 and further co-operation is planned;
- International Labour Organisation (ILO): discussions have been held to introduce IDELE; these will be built on in the dissemination of Year 1 and Year 2 outputs; and
- Other units in DG Employment, Social Affairs and Equal Opportunities⁸: in Year 1, ECOTEC has visited Heads of Unit and Desk Officers for Italy, Portugal, France, Belgium, Netherlands, Malta, Romania, Czech Republic.

With the support of Unit A4, the IDELE team will ensure that relevant Committees at the European level (e.g. European Parliament Committee on Employment and Social Affairs, Committee of the Regions Commission for Economic and Social Policy, etc.) are regularly informed about identified policy actions, measures and results of the seminars.

⁸ i.e. in addition to Unit A4.

5.6 *Employment Week 2005*

ECOTEC sponsored⁹ a coffee break at Employment Week in Brussels on the afternoon of 13 April 2005 and provided four display points from which information about IDELE was disseminated. Staff from the ECOTEC IDELE team were also on hand during the coffee break to meet delegates, provide further explanation about IDELE and hand out the thematic summaries.

5.7 *Dissemination over the three year contract period*

Overall, we expect dissemination to increase within Year 3 of the contract, since more of the setting up and initial research has been done in Years 1 and 2, and there will be more to disseminate in this final year.

With lessons from experience and concrete outputs available from Years 1 and 2, dissemination will become increasingly important. The immediate task at the start of Year 3 will be to make the four thematic reports from the second seminar round widely available, and to produce new material based on these in a simplified form and disseminate to the different audiences for IDELE, including, inter alia, policy makers at European and National level, and policy makers and practitioners working at regional and local levels.

A dissemination strategy will be agreed early in Year 3 with the Commission, and can be expected to include expansion of the IDELE web site to include relevant material and downloadable documents, as well as more proactive publicity and distribution of key materials through the IDELE contacts database and other identified routes. This could also include e-mail newsletters to interested individuals, such as previous seminar participants. We also anticipate making presentations at conferences and events in 2006 to present the results of IDELE to a wider audience as the project draws to a close.

⁹ This sponsorship was provided directly by ECOTEC, over and above the resources devoted to IDELE.

6.0 THE LESSONS FROM YEAR 2: INTRODUCTION

6.1 The Changing Macro Policy Context

In April 2005, the Commission presented its Integrated Guidelines package¹⁰ for 2005-2008 that was to help Member States to establish their new national reform programmes by the autumn of 2005. The package lays out key guidelines on macroeconomic policy and microeconomic reforms as well as eight re-written guidelines for employment policies in order to support the EU Growth and Jobs Strategy¹¹. With the support of the European Commission, local employment development (LED) has become an important plank of those aspects of this general framework that deal with employment and local development policy. Indeed, this emphasis on the role of the local is highlighted in the preamble to the Employment Guidelines (2005-08), which states that:

‘In taking action, Member States should ensure good governance of employment policies. They should establish a broad partnership for change by involving parliamentary bodies and stakeholders, including those at regional and local levels.’¹²

Significantly, after a long period of innovative action, the need is now perceived to be to *consolidate and to mainstream* rather than to continue with experimental pilot actions and short-term initiatives of the kind that have served to underpin much of LED in recent years.

LED is, then, to be promoted for the future through the vehicle of the *European Employment Strategy*¹³ and the primary practical means for doing this will be by using the *open method of coordination*¹⁴ (OMC) agreed by the Lisbon Council in 2000. The essence of the new approach is to offer strategic guidelines and then invite policy actors to find the best ways to achieve them – taking account of their own national, regional or local context. On some readings, the new policy documents could be said to have been much less explicit in their support for the ‘bottom-up’ local partnership approach. But looked at in another way (and

¹⁰ Communication to the Spring European Council: *Working Together for Growth and Jobs; Integrated Guidelines for Growth and Jobs (2005-08)*: http://europa.eu.int/growthandjobs/pdf/integrated_guidelines_en.pdf

¹¹ <http://europa.eu.int/growthandjobs/>

¹² Council Decision of 12 July 2005 on Guidelines for the employment policies of the Member States (2005/600/EC)

¹³ http://europa.eu.int/comm/employment_social/employment_strategy

¹⁴ This approach is based on what can be described as the “comparative method” – seeking out good practice between comparable players, places, regions and activities and finding ways to have them and their governments share and learn the lessons. The method is designed to be *dynamic* with an emphasis on having actors continuously share their experiences with others in an open “policy learning system” that will embed both guidelines and good practice to achieve convergence across the European Union. The practical tools include such things as benchmarking, score cards, performance indicators, peer and thematic review, policy audit, mutual inspection and so on. Applied cross-nationally and across policy networks these are the instruments to identify, disseminate and exchange ideas about good practice between actors on the ground. IDELE is, of course, part of this process.

this is the position we have taken), the assumption is that the general case for LED has been made and that what is now required is an active process to identify, disseminate and exchange good practice in a process of Europe-wide benchmarking within the OMC methodology. The second year of the IDELE programme has seen us move more actively to adopt the new policy context and to use the seminars to explore some of the implications.

6.2 IDELE Themes for 2005

The essence of IDELE in 2005 was to move from the largely geographical perspective of 2004 to a more thematic approach. Consistent with what was said in the previous subsection¹⁵, the themes were designed to address the wider policy debate about what should be taken from the experience of local projects set up during the experimental phase and transferred to the mainstream. There is less emphasis at this stage of IDELE on the internal properties of the good practice case examples per se and more on; a) where they fit into wider structures and; b) what can be recovered from their experience and knowledge that helps us map out the strategic policy issues for LED in the mainstream. The seminars themselves took a much more discursive form with contributors asked less to “present and promote” their project and more to use the experience of the project for us collectively to think through the wider issues that LED must prioritise and confront in the new EU policy context. The tone was, therefore, less a celebration of the past success of the LED approach and more a forward look to see how this success could be sustained and transferred across the board.

As we have seen, four seminar topics were selected at the planning stage for IDELE Year Two. These were:

- Maximising employment potential: local approaches to lifelong learning
- Connecting the Local: linking local employment and economic development into national and regional governance
- Alternatives to the grant culture: sustainable finance for local employment development
- Cross-border and trans-national co-operation for local employment development

In each case, the background theme was a mainstream policy issue for the European Union – lifelong learning, good governance, financial sustainability, cross-border issues in an enlarged Europe. What we set out to do was to look at each of these through the ‘lens’ of local action as practised by a set of carefully selected examples representing the best available on the topic. In the event, the process proved to be a revelation – with the richest of debates at every level and the shared recovery of a number of new and critical insights. In the brief sections of the report that follow the seminal insights from each are set out in summary form¹⁶.

¹⁵ Section 6.1

¹⁶ The full Thematic Reports are available on the IDELE website.

7.0 MAXIMISING EMPLOYMENT POTENTIAL: LOCAL APPROACHES TO LIFELONG LEARNING

This first theme of 2005 was explored in a seminar on 21-22 April 2005 in Thessaloniki, Greece.

7.1 The focus of the theme

The seminar started from the proposition that lifelong learning strategies developed through a local partnership can be a significant component of the portfolio of actions falling under the heading of local employment development. While lifelong learning has become an increasingly popular policy proposition in recent years at European¹⁷, national and regional level, it was the task of the Thessaloniki seminar to explore what value added and good practice can be identified at the local level

Part of the difficulty with the subject matter for the seminar was the potential elasticity of definition that can surround "lifelong learning". To bring some clarity to the discussion, a preliminary view was taken on the sorts of gaps that lifelong learning might best be able to address under contemporary circumstances where turbulent and dynamic change is the norm. Four kinds of context were identified:

- The context of *local economic development* – helping to deal with the gap left as a past economic base finds itself falling out of tune with new demands and as the need arises for a locality to "learn its way forward" from an older knowledge base and sense of identity to re-imagine its future in other ways;
- The context of *local civil society* – helping to fill gaps in the available opportunities for learning by gender, age, social status, ethnicity and so on - to deal with inequalities of access and bolster a sense of togetherness, enthusiasm for learning and common purpose and using learning to generate social interaction and fill gaps in local social capital and trust-based relations (Putnam's "bowling alone"¹⁸) to foster a community sense of well-being; ;
- The context of the *labour pool* – using learning strategies to help fill significant gaps in the matrix of available work-based competencies by type of activity and that can enable employers to meet their skills needs and remain creative and competitive;

¹⁷ The Commission Communication on "Making a European Area of Lifelong Learning a Reality" (COM (2001) 678 final) sets out to assist Member States to establish lifelong learning strategies at all levels. This report combines the maxim of the local implicit in both strategies, by investigating the contribution of lifelong learning to local employment development.

¹⁸ *Bowling Alone: The Collapse and Revival of American Community*; Robert D. Putnam, New York: Simon & Schuster, 2000.

- The context of the *household in the lifecourse*, dealing with critical gaps that may occur at key transitional points – education to work, work to child rearing and back again, work to retirement and so on – to minimise the economic and social effects of damaging lifecourse discontinuities:

A good comprehensive learning strategy would recognise this wide portfolio of possible actions and prioritise those that have most leverage on the particular situation confronting the planners. The local contribution to this would come from recognition that acting locally would be of value in the following ways.

- A local approach can sense gaps better.
- A local approach can manage the complexities in ways that reflect cultural and life course aspirations as well as market forces.
- A local strategy can “map” the age, skills, aspirations, gender complexities into the matrix of needed competencies.

7.2 Strategic Questions for Lifelong Learning in the Local Context

The following were agreed to be the key questions that needed to be answered in examining local lifelong learning strategies:

- What is the desired general outcome – how should it balance raising the overall quality of human capital against narrower, more instrumental, aims that it should address skills for the workplace or offer excluded groups better access to life chances through learning?
- What does the concept of lifelong learning mean in practice when it is addressed to a *spatial entity below the nation and region*?
- How can local employers and educational institutions best contribute to the goals of a local lifelong learning strategy?
- In whose interests should local actions for lifelong learning be taken and how is the *appropriate balance* to be best maintained across groups such as the young, women, minority ethnic groups, older people, in-migrants and so on?
- What should be the appropriate balance in a local lifelong learning strategy between meeting the needs of *stayers* – those who either out of choice or out of necessity find themselves closely attached to the local place in question as opposed to *movers* – those with the propensity to move that it might be policy to retain or those newly arrived in the locality?
- Is there a proposition to be made for adopting a more local approach to lifelong learning across the board?

These issues are ones that a strategy for local lifelong learning needs to address in the broadest terms and they are issues that policy at higher levels also needs to consider in the design of their own programmes. Of course, it was impossible for the seminar to address all of them but they do frame the debate that needs to be addressed in relation to lifelong learning.

7.3 Broad Lessons from the Theme

Set out broadly, our research into the theme (including the Thessaloniki seminar) came to the following conclusions:

- Getting local people to *learn to be learners* is the primary task of those delivering lifelong learning strategy;
- A local approach is vital for lifelong learning strategies in general to be successful, since the actors with ultimately the most influence over their success and appropriateness are themselves at local level – the deliverers, recipients, and those able to identify in strategic terms what the locality actually *needs*;
- For a local employment and development strategy to be successful, lifelong learning should be a vital component in the mix of policy actions, since it builds the necessary confidence, flexibility and skills (human capital) of local people to equip them to read change and respond effectively to it;
- The need for learning to continue throughout life needs to be emphasised as an essential adjunct to sustainable development in the local context in the face of today's technological, demographic and life course challenges;
- Local lifelong learning does not take place in isolation. Success needs good institutional links and a broader perspectives, being open to ideas from elsewhere, being in a position to exploit opportunities originating at higher levels, being able to mobilise political, financial and practical support;
- Local learning strategies are not easy to construct. The best examples are partnerships;
 - that are experienced in collaborative working attuned to local needs;
 - with a clear sense of strategic direction;
 - where participants pool their resources and influence for the common purpose;
- Many things may stand in the way of success. These include:
 - institutional rivalry
 - lack of the requisite freedom of initiative and over-regulation
 - lack of consensus on what is needed and clear focus
 - the absence of critical institutional capacities (both locally and at higher levels);
- Top-down mandate can rarely create an effective local strategy and partnership – the most valuable higher level policy actions should be to build capacity, to facilitate joint working, and to provide a sufficiently long and stable timeline for local initiatives to learn their way to effective action;

- The local level adds most value when there is a strong and clear sense of identity, of ‘place’. Where people recognise and respond to the idea of their local area having a distinct identity, it is possible to achieve impressive learning outcomes.
- A particular challenge for lifelong learning is the need for it to deal effectively with population *dynamics*. Change has an impact on identity – the inflow and outflow of people with differing attributes, demographic trends that alter the age-gender profile over time – a sound lifelong learning strategy needs to have a clear focus on the needs of existing, arriving, departing and transitory populations as well as the changing patterns of needs at different life-stages.
- A special difficulty for local lifelong learning at the present time is how to mainstream the funding of those activities sponsored by European initiatives that are expected to terminate soon – the encouragement of learning has to be continuous over time if its value is to be recovered and the prospect of a hiatus and loss of capacity is a serious one to contemplate.

8.0 CONNECTING THE LOCAL: LINKING LOCAL EMPLOYMENT AND ECONOMIC DEVELOPMENT INTO NATIONAL AND REGIONAL GOVERNANCE

This second theme of 2005 was explored in a seminar on 12-13 May 2005 in Faro, Portugal.

8.1 *The focus of the theme*

The focus of this theme was on the way that local government and partnership actions are “wired into” mainstream systems of governance. The aim was to establish how local associations, partnerships or government agencies are connected *vertically* with those elements that lie above them in the hierarchy of power and resources and *horizontally* with other stakeholders, players and partners. A significant dimension of the debate was to attempt to distinguish between those sorts of local partnership actions that could be said to have thrived “because of” the broad structure of institutions and levels of governance and those that could be said to have succeeded “in spite of” them.

The concept of *multi-level governance* (MLG) was particularly valuable as a theoretical backdrop since, in addition to considering the technical structure of local and regional politics and administration, MLG also incorporates a view of those rich contextual factors, such as power relationships, that has been an underlying (but rarely overtly considered) theme across all the IDELE themes.

A review of contemporary trends identified four key properties of emerging European governance systems.

- Decision-making at various territorial levels is becoming characterized by the increased participation of *non-state actors*.
- Mapping the different spatial-territorial levels of decision-making is becoming more difficult in the face of *complex systems of overlapping networks* involving a wide variety of players.
- Under these circumstances *the role of the state is being transformed* and state actors are becoming increasingly engaged in strategies of coordination, steering and networking in addition to direct and accountable administration.
- In this changed and changing context, the whole nature of *democratic accountability* is being challenged with the division between representative as opposed to participative forms becoming increasingly blurred.

8.2 Key Questions for the Theme

This theme was less about the internal mechanics of good practice examples per se and more about their external referents. The exercise was more of an exploratory one than others in the IDELE series. Key questions that underlined the exploration of these sorts of linkages into national and regional governance were the following.

- Having identified good practice examples of LED, how are these connected into the system of multi-level governance and what lessons can be learned from observing them through this window?
- How are best practice local partnership actions "wired" vertically into higher territorial tiers in governance in a given national-regional context?
- How does this vertical connectivity vary for each of the policy fields (jobs, skills development, access and inclusion) that make up the portfolio of LED actions?
- What lessons can be learned about how the local best fits in under different conditions?
- What insights for policy makers can be gained for IDELE from a perspective that is based on "position within governance"?

Once again, not all the questions could be addressed within the seminar but they serve to set out the dimensions of the debate.

8.3 Broad Lessons from the Theme

8.3.1 Unpacking Policy Actions

Following on from some insights available to us from Year One, we were able to explore not only the hierarchy of governance functions but also those components of a programme of policy action that have to do with the conception (C), management (M) and implementation (I) of policy actions. We set out a series of "policy stages" in the form set out in Table 8.1 below.

Table 8.1: Policy Stages: Definition of Terms

Policy Stage	Definition
Conception (C)	The determination of overall policy aims and objectives and the setting of an overall strategy within a broadly-agreed budget line or package of supporting resources
Management (M)	<p>Designing the operational programme for the detailed allocation of spending. This involves:</p> <ul style="list-style-type: none"> • the setting of an operational strategy containing defined objectives and expected target outcomes; • the allocation of designated resources to the measures and activities needed to deliver the target outcomes; • the setting of rules and regulations for drawing down and accounting for spend in accordance with the programme; and • establishing the principles for monitoring and performance evaluation both for the programme as a whole and for its component activities.
Implementation (I)	Carrying out the measures necessary to produce the target outcomes by means of a managed set of delivery actions on the ground

Source: ECOTEC Research & Consulting

What we have already learned in IDELE is that *simultaneously local* conception, management and implementation is not the only interesting possibility for local policy development – though it may, of course, be the best one for particular actions in specific contexts. A more general view is that in the best cases of multi-level governance, mainstream programmes would be designed in such a way as to allow maximum flexibility for the local level to make a positive contribution whatever the policy stage. This may be in the conception of policy or in programme management as well as in direct implementation or delivery. In the case of management, local influence on the operations of national or regional systems may be a particular source of added value where there is a strong element of monitoring and feedback from the way activities really work on the ground. The IDELE good practice examples have universally indicated that there is considerable scope for partnerships formed at the local level to have a strong input to the way policies located at the national or regional level are initiated, designed and evolved.

In principle, the claim is for “subsidiarity” in the sense that conception, management and implementation for a particular activity should be allocated to the lowest level in the policy hierarchy consistent with efficiency and effectiveness. The finding from IDELE is that the

more the sensitivity and embeddedness of local actors is introduced into the policy process the more effective will be the outcomes. Issues of scale efficiency and transaction costs mean, of course, that what can and cannot be done at local level is also subject to technical and economic efficiency criteria but within this framework acting locally as far as possible is the prescription from the IDELE programme.

8.3.2 *Legitimacy and Rationale*

As a way of exploring our best practice case examples in relation to the wider system of governance in which they sit, the seminar introduced the idea that a suitable entry point would be through the governance-sensitive idea of *legitimacy*. In narrowly instrumental terms, legitimacy is particularly important to local partnership because it has implications for an organisation's access to resources, the extent to which stakeholders and higher levels of governance take it seriously, the limits on its mandate to act across a range of policy areas and the prospect that it can ensure a sustainable future for itself and its activities. In a sense, it is by virtue of the *legitimate* (legal or justifiable) role of a local partnership or organisation that we can identify how it is linked in to the system of governance. Where such a sound justification can be made and a legitimate position established, a quasi-government body, an association or a more loosely defined local partnership can rightly lay claim to a place within the system of governance¹⁹.

As we shall go on to show, such a claim most readily comes from the *rationale* that underpins the role of the organisation. Put simply its legitimacy (and place in the governance system) will come from what it does and in whose interests it does it. This is a powerful insight, not least because it adds a dimension of *political reality* (through asking the question "in whose interests?") to discussions about the status of local partnership bodies and their prospect for survival where this rarely gets taken into account. A second insight comes from the fact that legitimacy is itself a *structural variable* that can help us better to understand some of the empirically observed variations in LED that we have seen across Europe. In some national systems (where the Napoleonic legal code prevails), local partnerships may need a positive justification *in law* (that their existence is "legislated for") to allow them to exist while in others (the 'Anglo-Saxon' model), barriers to entry are much lower since no such strictly legal requirement exists.

¹⁹ Where a commercial organisation would seek to capture and sustain itself by establishing and defending a position in relation to the *market* our proposition here is that a local organisation like the ones we are dealing with would normally establish and defend its position through capture and sustain *legitimacy* for its actions.

We were able to go a step further in exploring types of legitimacy for local partnerships and organisations by identifying four possible categories that will significantly influence the way different organisations are positioned within governance. The categories are not discrete and blur at the edges. So a single partnership may appear in more than one but they offer us a useable typology. The four categories are:

- mandatory / legal legitimacy – arising from an authority prescribed in law;
- administrative (non-legal) government appointed legitimacy – endowed by administrative instrument from the appropriate authorities;
- voluntary/community legitimacy; - derived from the “votes” or tacit support of a popular constituency and
- functional legitimacy – endowed by being recognised as the best or most efficient provider of some activity or service for a client or client group.

Turning to the sorts of tasks each of these groups of players might normally be involved in delivering in the case of LED (their rationale) we can clearly identify three common ones as follows:

1. *Filling local gaps* (services, representation etc.) by ‘bottom-up’ action;
2. Delivering *co-ordination and integration* among agencies:
 - ‘Top-down’ by government initiative;
 - ‘Bottom-up’ by concertation among local stakeholders;
3. Delivering vertical *integration and brokering activities* across the different levels for a given space or locality;

What we can do by cross-referencing the types of legitimacy and the rationale in a table like Table 4.2 below is to produce a useable typology that can help us to classify the ways in which local organisations can sit within the system of governance. This gives some insight into the underlying basis for the sorts of linkages (“wiring up”) that local organisations and partnerships may have within any given system.

Table 8.2: Mapping Sources of Legitimacy and Rationale

Rationale	Legitimacy			
	Mandatory / legal legitimacy	Administrative legitimacy	Voluntary / community legitimacy	Functional legitimacy
Filling local gaps by partnership action				
Delivering coordination and integration amongst agencies				
Delivering vertical integration and brokering				

The case examples showed that most local partnerships that engage in LED begin their life by finding a gap and by attempting to come together locally to fill it (rationale). They still, however, have to engage with the governance system and find ways to embed themselves within the appropriate legal and administrative frameworks (legitimacy). For any partnership or organisation seeking to be more than ephemeral (grant-led perhaps) there was a requirement to find the most appropriate available legal form (association, charitable institution, company) to enable them to carry out their mission (rationale) within the established order. Rationale and legitimacy come together at this point as ‘mission’. Through this theme, IDELE thus explored the set of national possibilities to find the best available legal form for a sustainable future.

This theme discussion also showed that one of the gaps that emerges and that triggers the formation of locally based partnerships bodies or organisations is a *gap in the system of governance* itself. In some national situations, for example, the available forms of legitimacy within public or company law can be inappropriate to the needs of LED partnerships or organisations. This can produce distortions as emerging local bodies are forced to mould themselves to fit in. *Gaps in connectivity* were much more widely observed – missing links and the absence of information flows about what the different levels are doing. These tended to have arisen simply from “custom and practice” in the way that the elements of the

governance system interact with each other and created opportunities for organisations to come into play to perform the necessary brokerage to allow local actors to become visible. While connecting the levels of governance together and linking the policy stages set out in Table 8.1 better was increasingly perceived as a desirable aim, practice seemed to be a long way from aspiration.

For LED and its platform of partnerships and organisations to make their proper contribution to employment development, there needs to be a much greater emphasis in the next phase on seeing the local contribution as an *integral part* of the system as a whole – contributing in many more ways than “end of policy pipeline delivery”. Indeed, there is an argument that it is likely to be these sorts of coordination gaps in the system of governance that need the most urgent attention if LED is to come into the mainstream. In light of this, some key recommendations from the theme are as follows.

- Governments should mandate their administrative departments to devise ways to achieve better coordination and integration across and between governance levels in general but, in particular, should take note of the potential for creative action that could come from a more comprehensively integrated engagement with local players.
- Local or regional stakeholder bodies should take on board, as a high priority, those political and administrative actions needed to build bridges across the levels of governance, seeing their actions as representing the interests of their constituents but at the same time as strengthening the effectiveness of the governance system as a whole.
- Creative forms of action may be at a premium to build the “requisite variety” needed in the face of a fast moving and turbulent world. In some cases, the use of ‘arms-length’ public interest companies as brokers to build the missing links may be the best way to cut through the natural inertia of the formal legal/administrative system.

While there is a widespread will to do more “joined-up” government and to mobilise the powers of the local, taking action to make it happen is demonstrably far from easy. The process may, have both high transaction costs and the potential at times to open up challenging political risks. Nevertheless, the process of moving from traditional hierarchical forms of government to more open, fluid and negotiable forms of governance appears to be well under way. In this, engaging local actors and exploring subsidiarity is very much part of the process. What IDELE has been able to offer are some broad conceptual devices to examine the process and to assist in the continual process of *institutional searching* as players at all levels attempt to work their way forward.

9.0 ALTERNATIVES TO THE GRANT CULTURE: SUSTAINABLE FINANCE FOR LOCAL EMPLOYMENT DEVELOPMENT

This third theme of 2005 was explored in a seminar on 9-10 June 2005 in Nice, France.

9.1 *The focus of the theme*

This theme focused on the issue of resources and particularly the actions that might be necessary to reduce dependence upon any one source of funding for the future. This is particularly relevant at this juncture, since there are to be significant changes to the Structural Funds for the 2007-2013 programming period. These changes are likely to affect many local employment development activities. In the older (EU15) Member States many valuable projects will find themselves ‘at risk’ if they have not already taken steps to find alternative sources of sustainable income. Whilst the impact within the New Member States will be less dramatic in the short term, there are many vital lessons to be learned about the dangers of over-dependency on any particular grant regime. Planning for more sustainable finance for the long term cannot start too soon even in these cases. Far too many local partnerships and organisations currently find themselves in denial.

The seminar consciously set itself against promoting ‘short term’ solutions simply to transfer ‘dependency’ on to some other public funding source or sources. Instead, the aim was to look at ways completely to transform the culture in which partnerships and projects operate and to have them take on board the need for alternative routes to long-term financial sustainability.

9.2 *Key Questions for the Theme*

In many ways, the questions for the Nice seminar were bound up with much larger debates currently pervading the corridors of European power. The outfall of European enlargement, the pressures on the European ‘social model’ and the ongoing debate about the EU’s budget for 2007-2013 all provided a sombre backdrop for discussions about how far the legacy of the last decade in local employment development can find finance to sustain it. The general view taken was that, while there were avenues to be pursued that might see substantial numbers of LED organisation survive, this would not be without very considerable difficulty. A major effort was needed in the very short term to shift the current culture of grant dependency to one where organisations shaped themselves either to meet the conditions either for entry to the public mainstream or to more orthodox loan and equity finance. Both routes were acknowledged as offering significant challenges. The key questions for the seminar were reflective of these concerns:

- Will the LED activity survive without radical change in the new funding era?
- Is it necessary, in order to sustain the LED mission, also to support the bulk of the existing organisations that deliver that mission?

- What alternative sources of finance (designs of money) are likely to be available to secure the future?
- What needs to be done to assist local players to obtain access to these alternative sources of funds?
- What must be done to ensure that local and partnership approaches to employment development are accepted as part of mainstream finance in Member States?
- What can the parallel debate on the social economy and social enterprise offer to discussions about the sustainable development of LED?
- How far is it inevitable that engagement with more businesslike and “finance ready” approaches will lead LED down a pathway toward isomorphism (converging on the orthodox)?

As before, only some of these questions could be addressed in the course of the seminar but the wider agenda set the overall tone for the debate.

9.3 Strategic Issues for Sustainable Finance for LED

9.3.1 Local employment development and social enterprise

In beginning to consider the prospects for sustainability for the “community” of partnerships and stakeholder organisations that fall under the banner of local employment development, there is a vital need to widen the debate to encompass the parallel debate that is taking place on the social economy and social enterprise. Indeed, in a number of Member States the debates on LED and on the social economy are regarded as one and the same. The evidence already is that many of the case examples we have been using in IDELE are already constituted as companies of one kind or another - with the bulk of them taking whatever national legal format suits their role as public or community interest companies (see also the earlier section on *Connecting the Local*²⁰).

What this adds to the discussion here is the key perspective that it is the *language and practice of entrepreneurship and enterprise* that is going to be required if many components of the LED “community” are going to survive in a world where public funds for LED become much scarcer. Indeed, the use of the label *social enterprise* can already be seen as equally appropriate for those many IDELE case examples that adopt a business stance while maintaining a public service ethos.

²⁰ Section 8

9.3.2 Community Finance Initiatives

Because of their combined economic and social mission, the majority of the local partnerships and organisations that drive LED on the ground will probably always need public or philanthropic support in one form or another. In addition to this, there are, however, a growing number of new opportunities for them to take up - particularly from that cluster of social banking initiatives that fall variously under the headings of Community Finance Initiatives (CFIs), Community Development Finance Instruments (CDFIs) or more simply Patient Capital. Three key components of this were explored.

- *Micro-credit* schemes are small credits lent often with the intention of helping unemployed people and those who are marginalised in the labour market either into self-employment or to set up a company or co-operative. They tend to be created by associations, co-operatives, mutual insurance organisations and other non-profit associations linked to churches or workers' unions taking the role of 'a bank in place of the bank', in order to help finance small-scale initiatives. Mentors or peer groups are used to cross-guarantee the loan funds and spread the risk of loss.
- *Mutual Credit or Guarantee Funds* - As an adjunct to micro-credit there is considerable interest in larger scale mutual guarantee schemes. These tend to work more with established small and medium-sized enterprises (SMEs) but the same concept of mentor or peer group cross-guarantees applies. Banks find it safer and cheaper to lend to groups of enterprises than to individual companies and this model is successfully used to lever in more orthodox private sector finance to add to the scale of the overall fund.
- *Social risk capital and loan guarantee funds* - The idea behind this complex group of instruments is to develop new financial products that provide finance in the form of loans or equity to community-based ventures or social enterprises in the same way as venture and risk capital are provided to businesses in the market economy. They are designed directly to overcome the problems of lack of capital, lack of collateral, and the absence of normal equity that characterises the typical community development venture or social enterprise.

All of these forms of financial engineering are concerned with what might be called the "design of money" to make it more appropriate to non-standard borrowers of the type that LED is likely to contain. They also have a feature of particular interest to the wider debate on policy structures - most of the money is provided in the context of some sort of *support structure* that "brings clients along" supports and trains them and seeks to make them ready to absorb investments or loans²¹. These take the form of intermediate support organisations acting as mentors, guarantors, brokers and market makers. Once again, many of these bodies are either indistinguishable from the organisations that underpin much of LED or are those

²¹ The contributions in skills, consulting, training and so on go far beyond the basic services of a traditional banker. But the managers consider them essential to their own job: consulting is part of the loan; investment without training makes no sense.

same bodies in another guise. The case examples from this theme enabled us to explore in more detail how these sorts of bodies operated to provide support and sustainable finance.

9.3.3 New disciplines needed for LED organisations

To make full use of the opportunities for new forms of funding support demands that LED organisations find new ways of organising and presenting themselves. For example, accessing any of these forms of credit must be seen as a *discipline* for the project or organisation – demanding evidence of responsible management, planning and proper accounting practices. While grant applications tend to focus on the past and invariably focus on compliance with rules and the avoidance of failure, credit has to be seen as a *focus on the future*. What is also needed are the legal and governance frameworks that can positively support the growth of new social banking and that can help LED organisations align themselves better with the new funding future.

In confronting this new kind of discipline, LED organisations will need to ask themselves “what sort of things do those who might fund us really want to purchase?” For the mainstream – mostly governments - it might be a requirement to “buy” *substantive welfare outcomes* - jobs, skills and inclusion for example as an extension to state action. For the private or public-private finance providers, the answer might be *reasonable returns on an investment* with perhaps *an ethical value* that is part of their wider view of corporate social responsibility. For a community of local people, what will be needed might be *a degree of voice* and the acquisition of some *service or facility* that they wish to control by themselves. Being confused about the answers to such questions or being naïve about the impact that choosing one or the other will have on the need to change the core mission of the organisation or partnership, is a prescription for disaster.

9.3.4 Different kinds of sustainability

There are at least two very different kinds of sustainability to be considered under the topic for the seminar and there is a tendency to be less than clear-minded about the distinction.

- Sustaining the *LED organisation*: where the objective is to keep the organisation itself going by providing a service of some kind and being “paid” to do it; the service might be provided in a notional or real competitive marketplace for public and social services. It might cover areas such as the provision of jobs, training and helping older people, etc. – much of it the typical output list for a grant-funded project;
- Sustaining the *LED mission*: a socio-political objective locally to meet the needs of a particular group of people or a place by the best means available. This may be by maintaining the set of existing organisations but this would be based on a judgement about whether or not they constitute the best available means to achieve the objective. The focus here is on the outcomes and beneficiaries rather than the self-surviving LED organisation. It may imply options like embedding the learned LED experience in other kinds of organisations or government departments.

Sustaining LED should be about the quality of the ideas, tools and practices that need to be sustained into the future. One critical tool or practice is, of course, *local partnership* - not necessarily always the same partnerships that currently exist as beneficiaries of past grant aid - but partnership as a powerful element in good governance.

To be ready to make the case, it will be necessary for many partnerships to re-engineer themselves more closely to meet the demands of community finance providers. A danger that many perceive from this is, however, that in doing so they may need fundamentally to change the nature of their core mission and succumb to “isomorphism” (pulled into a sameness with orthodox business). Inevitably some (perhaps the majority) will continue to see themselves as supplying substantive public welfare outcomes - jobs, skills and inclusion - as an extension to state action. In doing so, however, this group must confront the fact that to succeed the case for their value added will need to be clearly evidenced. This is not without its difficulties but many new tools are being designed to assist with this in the field of social audit.

Some LED organisations may primarily see themselves as being rooted in their communities and thus want to give them *voice in society*. It is this group about which the greatest concern was raised in the seminar – faced with a need perhaps to dilute their independence of voice and legitimacy by having to comply with the funding regimes of outsiders.

9.3.5 Market forces versus state provision

It is certain that there will be some level of continuing public finance to support LED. Governments will continue to want to “buy” both substantive welfare activities and social capital from local partnership bodies. However, as we have already indicated, LED will have to find its place alongside all the other claims on national mainstream funds. Some organisations will be able to trade competitively and will be in a position to replace public investment by trade-based revenue. It is also increasingly possible, however, that private-for-profit companies will be looking to invest funds in local partnerships and NGOs in accordance with their corporate social responsibility objectives. The route to philanthropic gifts will also remain open to some.

The key issue for sustainable finance for LED policy is what the balance will be between market-led social enterprises and quasi-public providers of welfare goods, services, social capital and community voice. It would be a serious mistake to imagine that the majority of LED organisations could successfully adopt the more commercial trade-equity-loan finance approach. Perhaps the proportion may be as little as 10-20 percent on the basis of exploratory work in the UK. Philanthropic giving and CSR may have their role but will probably account for even smaller numbers.

What is abundantly clear is that, if the huge asset base of competencies and organisations that has grown up around LED is not to be substantially lost, the *public authorities* will continue to be the key players. It will be for them to make the choice whether to sustain the existing body of LED organisations or to take a different route. Either way, it is still vital to ensure that LED has a sustained role within the economy and in the system of governance.

9.4 Broad Lessons from the Theme

- Faced with a threat to future financial sustainability, few of the "client" organisations for LED have yet begun to take on board the seriousness of the new situation. Very large numbers are in denial – expecting some grant regime or other to save them.
- Some LED organisations are beginning to lobby their domestic politicians and public servants. Others are considering how they might generate revenue streams that banks and lending institutions would accept as making them worthy of investment. However, such organisations are still very few in number and highly variable from country to country and from region to region.
- Mainstreamed LED will now have to compete for public funds against the very strong claims of security, health, education, pensions and so on at a time of fiscal restraint. In the face of this, it must be accepted that the future financial sustainability for LED organisations will be hard to come by.
- Some LED organisations will be able to adopt the *social enterprise pathway* but they will need strong and scale-efficient intermediary support organisations in place to back them. The vast majority will not, however, be in a position to adopt this approach.
- There is a critical issue of mission and values to be considered if the majority of LED organisations choose to become social enterprises. For some, an engagement with the marketplace will imply an abandonment of deeply-held views about the welfare, voice and public service nature of their mission and they will resist it on these grounds.
- LED organisations may struggle to survive in large numbers, but there is some cause for optimism that the new social banking movement will grow and gain in strength. However, the CDFI sector itself still has to overcome many barriers if it is to get to an efficient scale of operation for its own long-term survival.
- Mainstreaming also implies *embedding*. Despite the gloom of the preceding paragraphs, there is a much more positive proposition that, even if the mass of LED project promoters should largely disappear, the value of the contribution to ideas and practice will live on.

9.5 A fork in the road

We are, it seems, at a critical "fork in the road" for LED. Moving on from the EU support of LED to national mainstreaming and taking on the new social banking and social enterprise approaches will present some difficult strategic policy choices at the national level – and it is vital to make politicians and public servants more aware of such choices. Despite these weighty issues, we are able, on the basis of the Nice seminar, to offer some rather simpler recommendations.

- *Mainstream* the local as a component in governance but at the same time *allow for and demand flexibility and innovation* in those organisations that can take on the role of social enterprise.
- Establish and sustain *intermediary support organisations* (like the IDELE case examples) to be the scale-efficient bearers of the knowledge and competences needed both to influence policy and to install the disciplines of being more business-like.
- Be assiduous in *removing the barriers* that exist in legal systems, banking regulations, allowable forms of state subsidy, rules and procedures and so on that, often unwittingly, constrain the release of new forms of enterprise where a social outcome is delivered as well as a service product.
- See the local not so much as a bundle of projects and organisations looking for more money but as a fundamental component of a *highly valued social model* that offers innovation and entrepreneurship in a context of social justice and enhanced citizen involvement.

In the last analysis, what we have been describing throughout IDELE has been a very considerable *economic and social asset*. This has been carried for the most part by those who originally started out as the "project promoters" for short-term European funds. Over time, the values, ideas and practices of LED have already become widely embedded in the mainstream through the sorts of policy networks and consortia illustrated by the case examples. To some extent, then, it could be argued that, with such embedding, the task of the experimental phase is done and the mainstream is already primed to adopt it.

But across Europe there remains huge national and regional variation and the local approach has not found acceptance in some systems of governance. There is still much work to do on the identification, dissemination and exchange of good practice. It is also important to state again that LED incorporates ideas and concepts of much wider social and political significance. These come from the power of local approaches to recapture those, now unfashionable, but perhaps in the future even more vital, distinctively European, ideals of common purpose, mutuality, solidarity and inclusiveness. The worry must be that with a dash to the marketplace and the contractual relationship, these ideals might be among the first casualties of the new funding climate.

10.0 CROSS-BORDER AND TRANS-NATIONAL CO-OPERATION FOR LOCAL EMPLOYMENT DEVELOPMENT

This final theme of 2005 was explored in a seminar on 7-8 July 2005 in Copenhagen, Denmark.

10.1 The focus of the theme

This theme focused on local employment development in cross-border localities – those areas that, under their own initiative or with the encouragement of EU and other funding, have enhanced their development by co-operating across an international border. The theme considered the case for cross-border LED based on the economics of labour mobility and of European integration. It then examined the characteristics of cross-border localities, their problems and opportunities before highlighting lessons from experience, illustrated by good practice examples. Finally, it drew conclusions for future activity.

Cross-border localities do not, of course, form a homogenous group and differ widely. For example, they may have a ‘central’ or ‘peripheral’ location in Europe. Borders themselves may be ‘natural’ – rivers, seas and mountains – or ‘political’. They may be long-standing and/or accepted by both countries, or recent and/or disputed. But above all, cross-border localities are those places where the effects or limits of European integration (including the recent accession of ten new Member States) will manifest themselves most demonstrably.

Given this diversity of experience, the theme focussed on four key areas:

- Cross-border co-operation for competitiveness - where cross-border localities form a natural economic ‘space’ and share a continuous local or regional labour market that, in practice, stretches across the border; in these localities, local employment development is about making the single European market work efficiently;
- Cross-border co-operation for scope and scale – where border areas are peripheral either through their sheer remoteness from the main centres of population or in political and economic terms, due to their weak ‘clout’ relative to large cities. Here, cross-border local employment development is about aggregating local markets for goods, services, labour and capital and combining economic and political power;
- Cross-border co-operation for conflict resolution – where borders may reflect deep divisions and their very existence may be a cause or a consequence of conflict. Here, before a fully integrated cross-border labour market can be developed, a long, slow process of building trust and developing partnerships will need to take place; and
- Governance for LED in cross-border localities – nation states are limited in the extent to which they can and do draft laws and take actions on account of the problems and opportunities of border localities; given the limits of national action, local partnerships can and should develop their own approaches and strategies for cross-border local employment

development; certain principles for partnership working can be identified for such localities.

10.2 Key Questions for the theme

This seminar started from the proposition that there was a real economic case for labour mobility across borders and for increased cross-border economic activity enabled or encouraged through the single European market. However, the daily realities of living and working in a cross-border locality presented particular opportunities and challenges that could not be addressed by national or European action alone. Indeed, a significant amount of interesting and innovative action was already being taken by local actors in very different contexts, from which lessons could be learned.

Using the three types of context²² outlined in Section 10.1, we considered the following questions.

- Is EU policy right to encourage the mobility of labour across borders?
- What are the best ways to encourage and enable the mobility of labour across borders?
- How can the potentially negative consequences of mobility and migration be prevented or addressed?
- What economies of scale can be gained from cross-border co-operation for local employment development?
- In what ways do local approaches to cross-border co-operation add value to national approaches?
- How can local partnerships capture employment benefits from improvements in cross-border infrastructure funded by national governments or the EU?
- How can local partnerships overcome problems caused by different national jurisdictions, i.e. different fiscal, judicial and social security systems?
- Is cross-border and transnational co-operation sustainable without support from the EU Structural Funds?

10.3 Broad Lessons from the theme

Research into this theme identified broad lessons for the four areas identified in Section 10.1.

10.3.1 Conclusions for labour supply

In theory, if the single European market for labour worked effectively then cross-border issues would not arise. However, it has to be accepted that complete harmonisation of national systems of tax, social security, etc. remains politically unlikely, if not completely unacceptable. It is in border areas that the lack of harmonisation can hinder or distort

²² Cross-border co-operation for competitiveness, Cross-border co-operation for scope and scale, Cross-border co-operation for conflict resolution

employment and trade. Local partners in border areas may be able to lobby national and European decision-makers to bring about changes in national systems. But the extent to which that is possible is limited. *‘No state in Europe will alter its tried and trusted structures competencies and powers on account of the problems that arise in border regions. Furthermore, no state is able to draft its laws in such a way that they harmonise with all the neighbouring states on its borders.’*²³

So, where national systems can not be changed, border localities must be creative in finding ways for national legislation and systems to work flexibly to the benefit of cross-border workers and their employers.

Wage differentials will create the impetus for labour mobility. Indeed, many workers are indeed mobile in crossing a border to work, regardless of the activities of local employment partnerships. But individuals – particularly the lower-skilled, unemployed, or disadvantaged groups – may lack the information or confidence to access a job across an international border. Moreover, wage differentials alone may be insufficient to stimulate cross-border mobility and capture the associated efficiency gains

Local cross-border partnerships should provide practical, grass-roots support for cross-border workers in terms of information, advice and guidance, including a focus on enabling the lower-paid, lower-skilled to cross a border for work, where suitable opportunities for employment already exist. They must also consider the wider ‘package’ available to labour, i.e. access to health care, housing (availability and price), job security, social security and unemployment assistance. In particular, imaginative approaches to recognising entitlement to social security are needed.

Where localities and regions compete in a global marketplace – for example in the life science industry - highly paid, highly skilled workers and their employers will require more than just the right economic incentives. They will also require a high quality of life, attractive environment, cultural and leisure facilities and access to first-class learning opportunities. It may not be possible for a border locality by itself to offer all these attributes.

To attract and retain hi-tech, high value added employers and their staff, local partners in cross-border localities should therefore co-operate across the border to create the best possible ‘offer’ to such companies and workers.

10.3.2 Conclusions for stimulating demand

Cross-border localities may particularly need to focus on stimulating demand for labour. The dislocation of economic activity caused by the border can make them less attractive to employers than they would otherwise be. Greater scope and scale can be created through cross-border partnerships for local employment development. Such partnerships can attract new employers by aggregating markets for goods, services and labour.

²³ *New Ways Towards A New Europe*; Association of European Border Regions, June 2004; www.aebr.net.

New transport infrastructure can also be a threat to cross-border localities, if not primarily developed with their interests in mind. Local actors may therefore need to react to such threats by creating new economic opportunities for local residents and businesses. Cross-border local employment partnerships can offer an effective way to do this, but it will take time to build trust relationships, particularly where there are cultural and language barriers. Localities with a similar industrial structure but separated by a border can develop joint solutions in a more efficient and effective way if they co-operate, for example in attempting to attract new firms to the area.

Peripheral border areas may suffer most from illegal or informal economic activity. Barriers to legitimate activity are highest here and there may also be tax differentials that can be exploited. Effective cross-border local employment development can regularise informal economic activity (and create a demand for labour in the formal economy) by addressing the barriers of different national systems of legislation, tax, etc.

10.3.3 Conclusions for conflict resolution

Local employment development can contribute to peace and reconciliation by *increasing prosperity*, which reduces social exclusion, supports social skills, empowers individuals and groups and diverts attention from political or sectarian issues. But broad economic development is only a necessary not a sufficient condition for conflict resolution.

Partnerships in cross-border areas marked by conflict should take a *bottom-up, participative approach* to economic and employment development. Such approaches should bring different communities together within a neutral workplace to focus on common economic issues, interact and promote co-operation. In these areas, *cultural diversity* should also be addressed through training that includes structured break-out reconciliation seminars and conflict learning projects. But such training cannot be forced on communities that are unwilling to participate.

Legal forms of partnership alone are very important but insufficient to bring about cross-border local employment development. By themselves, legal forms do not generate trust between different communities. Local employment development in cross-border localities marked by conflict therefore requires the building of capacity and the implementation of activity ‘on the ground’ in local communities. It should recognise and build on the particular ways that different communities organise themselves.

10.3.4 Conclusions for cross-border governance

Cross-border co-operation for local employment development requires particular approaches and structures of governance. Border areas face particular opportunities and problems that national bodies may be unaware of or unwilling to respond to – particularly where such areas are peripheral and sparsely populated, in other words, lacking the scope and scale to have significant economic and political ‘clout’. Cross-border partnership structures must therefore

be put in place at the local and regional level to do what national bodies are unable or unwilling to do.

In developing cross-border local employment partnerships, there are five key stages to be undertaken. Of course, it is not necessarily the case that all partnerships can and should pass through these stages, but they are useful in guiding the direction of a partnership.

The five key stages of developing a cross-border partnership for employment are:

- 1) *Networks* for sharing information, advice and guidance
- 2) *Reciprocal agreements* on tax, social security, etc.
- 3) *Partnerships* for co-ordinating the delivery of services
- 4) *Cross-border delivery agencies* for jointly delivering services
- 5) *Complete harmonisation* of local employment development activities and the completion of a common cross-border labour market

The circumstances under which any cross-border partnership comes together will differ widely, whether reacting to external events, such as greater European integration, the accession of new Member States or the creation of new infrastructure or whether proactively exploiting existing opportunities. But, regardless of the starting point, local employment partnerships, at the outset or later in their development, will need to generate a shared vision and strategy for developing a cross-border labour market. This local employment strategy should fit within a wider cross-border regional development strategy.

In most cases, cross-border co-operation will be driven from the bottom-up, since it is easier to identify shared and common interests at the local level than at the national level. But it is hard to create a common strategy where the benefits are unlikely to be shared equally. However, as long as partners on both sides of the border are able to fulfil some or all of their objectives, the co-operation has the potential to be successful.

Cross-border partnerships for local employment development should ensure a healthy balance between private and public sector activity. Both are important. But a pre-dominance of public activity can stifle innovation and change management. Equally, a pre-dominance of private activity can fail to cement achievements by not putting in place the right legislation, for example in securing various entitlements (to services, social security assistance, etc.).

Opportunities for EU funding for local employment development will be limited in the new Structural Funds programmes post-2006. Cross-border areas, in particular, may suffer as the Structural Funds are reduced and their management, to a certain extent, further decentralised to the national level; new cross-border programmes may require approval from two national governments. Cross-border partnerships for local employment development should develop a strategy that is not dependent on any one particular source of funding.

The precise legal form of a cross-border partnership is vital to its effectiveness. Effective cross-border agencies can deliver activity on both sides of a border, reducing costs and improving efficiency through economies of scale. They can also address issues such as

entitlements to pensions, through their recognition by national authorities on both sides of the border. The proposed European Groupings of Cross-border Co-operation²⁴ (EGCCs) should be considered by local actors as a suitable partnership form, post-2006. The European Commission should enable the EGCCs to take financial responsibility for the delivery of cross-border programmes, including EU programmes. National authorities should offer legal recognition to the EGCCs and consider them as a delivery vehicle for national programmes.

Cross-border areas are the places where the “gaps” in the single European market are most evident; they can act as a laboratory for EU policy, highlighting wider dilemmas and solutions. As such, cross-border areas can act as a terrain of creativity and enterprise and a source of imaginative solutions. However, there is currently no overall EU policy, although the appointment of a special European emissary²⁵ for daily border problems will help here. The EU should therefore introduce an overall policy on border region issues, including the management of migration and the resolution of issues resulting from lack of harmonisation in tax, social security, etc. Moreover, this policy should be supported by appropriate funding programmes that support *local* cross-border activity in addition to national activities.

²⁴ See: http://europa.eu.int/comm/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm

²⁵ Vice-President of the European Parliament

Annex I

Networks contacted during Years 1 and 2

Annex I: Networks contacted during Years 1 and 2

Association of European Border Regions (AEBR)	www.aebr.net
Caritas Europa	www.caritas-europa.org
ECO-FIN-NET	www.urbact.org/ecofinnet
EQUAL thematic networks	http://europa.eu.int/comm/employment_social/equal/index_en.cfm
The Association of European Chambers of Commerce and Industry (EUROCHAMBRES)	www.eurochambres.be
European Association for Information on Local Development (AEIDL)	www.aeidl.be
European Council on Refugees and Exiles (ECRA)	www.ecra.org
European Industrial Regions Association (EIRA)	www.eira.org
European Monitoring Centre on Racism and Xenophobia (EUMC database)	http://eumc.eu.int
European Network Against Racism (ENAR)	www.enar-eu.org
European Network for Exchange of Experience (URBACT)	www.urbact.org
European Network of Agricultural and Rural Policy Research Institutes (ENAPRI)	www.enarpri.org
European Network of Cities and Regions for the Social Economy (REVES)	www.revesnetwork.net
European Rural Development Network	www.iiasa.ac.at/Research/ERD/NW/intro_1.htm
Local Employment Development Association	
Munich Conference on Employment	http://www.muenchen.de/Wirtschaft/labormarket/conf_employ/58851/index.html
Pre-Accession Partnerships for Rural Europe (PREPARE)	www.preparenetwork.org
Regions Enterprises European Transnational Co-operation Actions REACTE	http://www.emcc.eurofound.eu.int/content/source/s0019.html?p1=topic&p2=Restructuring
Ruralnet uk	www.ruralnet.org.uk

Rural Transfer Network (North Sea & Scandanavia Regions)	www.abdn.ac.uk/arkleton/npp/
Smallbusinesseurope	www.smallbusinesseurope.org
European Association of Craft, Small and Medium-sized Enterprises (UEAPME)	www.ueapme.com
UN Habitat Best practices organisation	www.unhabitat.org
World Association of Major Metropolises (Metropolis)	www.metropolis.org