



Identification, Dissemination and Exchange of good practice in
Local Employment development and promoting better governance

Conceptual Framework to IDELE



1.0 INTRODUCTION: THE GROWTH OF INTEREST IN THE LOCAL APPROACH

1.1 The increasing engagement of local actors

IDELE forms part of an ongoing process by the European Commission to encourage the exchange of good practice and networking in Local Employment Development (LED). The local level has gained increasing importance in European policy since the first official Communication in 1984 and since the creation of the European Employment Strategy (EES)¹ in 1997. At the end of two decades of experimentation and significant funding both for pilot actions and under Structural Funds measures there is a need to review what has been learned and disseminate and exchange the lessons from practice. IDELE comes at an opportune moment in a more general sense, however. Local actors seem, with or without external exhortation, to be becoming more involved in trying to capture employment and development for their regions and it is important to recognise this. While the European Commission programmes have been a significant spur to action, we also have the opportunity in IDELE to capture learning from a much wider social movement.

Globalisation and the free play of market forces are producing strong social and territorial inequalities. The armoury of available tools and resources at the national level appears to be shrinking, or at least becoming less effective, in avoiding these inequalities - despite being constantly adapted to meet the new circumstances. An alternative that sees people coming together in some defined geographical setting below the region (the local) is growing in attractiveness to local players, as well as to policy makers at 'higher' levels – at least in some places. For some, the ambition is to mobilise local forces more effectively to compete with other places and interests to gain commercial or development advantage. For others, the focus of acting locally may lie with those things less easily subject to the forces of the market – home, family, friends, community, culture, environment – essentially to preserve and enhance the essence of local life. Both seem to offer a very human way of responding to, what seems to most to be a loss of control in the face of global forces and their unidirectional trends.

1.2 The stimulus of intractable unemployment

While the full range of this emergent drive toward local action is huge and potentially far-reaching, the European Commission's promotion of local employment development has offered a very practical point of entry. What brought local approaches to prominence was their potential to offer new ways to tackle *intractable unemployment*. New sources of jobs were needed as well as measures to get unemployed and excluded people into them. There was (and still is) an immediate coming together of interest here by Member State governments threatened by the social and political consequences of unemployment and social

¹ http://europa.eu.int/comm/employment_social/employment_strategy/index_en.htm

exclusion. The European Commission, through a series of pioneering actions, offered its intellectual leadership to launch a major policy thrust to promote local action as a significant part of the remedy. While policies at other levels – macro-economic, structural and regional/sectoral – continued to address the broader competitiveness and cohesion agenda at the level of the economic system as a whole, a policy that proposed to use local actors to seek out local solutions had (and continues to have) strong appeal.

The local approach came to play an increasing role in the policy frameworks of the EU and a number of Member States during the 1980s and 1990s. It was chiefly envisioned as an instrument of *unemployment policy* and this has determined its development pathway. From the perspective of economic analysis it is seen to work on both the supply and the demand side. On the supply side, it offers a means to mobilise labour to adapt to new work opportunities and to acquire relevant skills by drawing the unemployed and socially excluded along “pathways to integration” with strongly local points of entry. On the demand side, it is a means to prospect for new sources of jobs at the local level – particularly by identifying those service gaps and market failures that were unfilled by private enterprise or public provision as service demands changed faster than orthodox responses. With a re-awakening of interest in social enterprise and the social economy, another demand side option has been to stimulate alternative forms of enterprise within local communities that gave both the prospect of addressing gaps in “proximity services”² and the chance that the locally unemployed could “cut themselves tailor-made jobs”³ by acting as social entrepreneurs.

1.3 Local employment development and “market failure”

Another entry point to the possibilities of action at the local level has come from the orthodox perspective of market economics and from the logic of arguments about *market failure*. Indeed, the essence of the highly influential Local Development and Employment Initiatives (LDEI) that emanated from the European Commission’s Cellule de Prospective in 1996 was to position local action as an instrument to address existing and emergent market failures in a fast moving economy. This is, of course, entirely appropriate and much excellent progress in developing the local approach has come as a result of this insight.

One of the effects of this was, however, to drive another version of the debate on local approaches down a track that saw local action and local partnership as providing a source of “new” business and institutional forms that were not so closely attached to the orthodox market with its focus on owner/shareholder returns. These sorts of *social enterprise* organisations are in some sense “led” by the market but “driven” by their over-riding ambition to recover wider social benefits. These are seen as being able to offer “double bottom line” solutions that could offer a social gain while simultaneously filling a product, or

² Services where closeness to the customer is at a premium such as domiciliary care or kindergartens.

³ Activities where local people set up their own organisations in circumstances where formal employment is hard to find. See: The Era of Tailor Made Jobs; Second Report on Local Development and Employment Initiatives, European Commission, SEC (98).

most often, service gap that purely commercial interests were unwilling to enter. In the most marginalised areas, for example, low incomes combined with inaccessibility (physical or perhaps cultural) may offer too small a market to tempt fully commercial firms into a supplier role. Social enterprises can, however, meet these sorts of needs (home care services, local transport, maintenance and repair, landscape improvement and so on) by virtue of their willingness to offset a full commercial return against the provision of a worthwhile local service. In the United States “double bottom line investing” is gaining ground as a way of drawing private investment into such marginal areas. The role of the State in this case is to provide incentives that bend the open commercial market to deliver wider community benefits.

This identification of the local approach with the Third Sector/System, with the interests of the NGOs and with the social economy and social enterprise has been gathering pace in some Member States. The European Commission has tended to proceed more cautiously in relation to the social economy (whether locally applied or not) since exploring the sector through its Third System and Employment Programme⁴.

For our purposes in IDELE, this approach is clearly ruled *in* but needs to be seen as *one component* within a wider project that sees local actions as not the preserve of one sector or of one view of the political economy of Europe. The local approach being explored in IDELE has the capacity and range to cover all sectors. Its starting point is the local area, which is the place where all the different social and economic factors come together to impact on individuals in the most direct sense.

1.4 A broad agenda of exploring local actions in context

By virtue of these two entry points to policy – tackling unemployment by local actions and creating new enterprise forms to tackle market failure – local employment development has become *de facto* strongly attached to the geography of deprived local places across Europe. This has, in turn, strongly coloured the debate about its effectiveness. Whilst the local approach does, as we pointed out earlier, have a wider more general role in maintaining solidarity and common purpose in economic and social life in a turbulent world, the debate concerning its effectiveness is framed very largely within the context of its value added role as an instrument to address unemployment, social exclusion and market failure in particular geographical settings. The IDELE process and the Theme Papers generated by it are clearly located within this policy framework but the key lessons for practice should not be restricted only to deprived local places and their people.

There is clearly no one model or policy approach for local employment development (or certainly of best practice). Different models and trajectories are inevitable – indeed that is its

⁴ http://europa.eu.int/comm/employment_social/local_employment/pilot_en.htm. For a review of the Third System in relation to EU policy see; Lloyd P E (2004)

very strength. In the end, the only realistic measuring rod is whether local employment development has the capability to add value in particular local circumstances – not just under the circumstances of deprivation but in general terms. From this starting point, the basis of the IDELE project is that people working in all sorts of different circumstances will experience different opportunities and constraints in working locally. In transferring lessons from place to place this sense of *actions in context* and of having structured conversations between active players is regarded as vital.

2.0 KEY CONCEPTS AND DEFINITIONS

2.1 Local Employment Development

In setting out to *Identify, Disseminate and Exchange* best practice on *Local Employment* development during Year One we have been developing what the essence of the concept. For the purposes of our approach local employment development implies a number of things, including the following.

- Actions conceived, managed or delivered at *local* level can permit the opening up of new *development* opportunities and new sources of *employment* that can generate additional wealth, well-being and social cohesion.
- In the absence of a local approach, development and employment would be *sub-optimal* – missing significant added value.
- Acting locally can also open up the possibility that these new development opportunities and jobs can be more *equitably distributed* – giving better prospects for the inclusion of the young, minority ethnic groups, the unemployed, and the socially excluded generally.
- These local actions have to be seen as *one component* within the full package of activities that make economic development and employment possible.
- Local employment development can only be properly understood and evaluated in the context of a complex set of *geographical, social and economic variables*, and against the background of actions at other, wider, levels – regional, national or European.
- There is a clear role for *policy intervention* to initiate and support Local Employment Development where it does not happen, and to identify and remove the barriers that stand in the way - even though many elements of the local development process take place spontaneously as a product of market forces or out of evolving civil society.

2.2 *Defining the local as socially and culturally constructed*

One of the difficulties for the local as a policy domain is what we might call the “curse of the definition”. People tend instinctively to know what is meant by the phrase “taking a local approach” but when the question is asked; “what precisely do you mean by *local*?” the debate quickly runs amok and the instinctive clarity that all start with immediately evaporates.

We can, however, be clear about two things. First, the “local” is better understood if it is not regarded as a discrete and clearly bounded invariable entity. Second, it is set at a level below that of the nation and also below that of the region. While the local is, in general, *sub-regional*, there can be great variety over a range from the neighbourhood to the sub-region.

While, for the purposes of administering local employment development programmes, some Member States and regions apply a formal definition to local entities (Neighbourhood Renewal Areas or Local Strategic Partnership areas in the UK, for example) these tend to be mapped on to local spaces that are better understood as having some intrinsic existence that is more *socially defined and fluid*. Defining them formally as some local unit of government is a device that serves an administrative need but the processes we are exploring in IDELE, while needing to understand these formal definitions, have to deal with definitions of the local that are *much less tangible*. In IDELE we are often dealing with local spaces that are socially, culturally and politically defined in relation to particular contextual circumstances.

Given that, in IDELE, one person’s definition of “local” may for another be sub-regional or even regional, we have to be able to take on board a range of local conditions. We have included, for example, everything from the tiny Hebridean island of Eigg (UK) – population 87 - through the “local” sub-region containing the entire City of Leipzig (Germany) to the sparsely populated arctic emptiness of Lapland (Finland). The language of the “local” is culturally and contextually variable and a trap for the unwary.

Rather than forcing strict definitions on such diversity, the IDELE process recognises and works with these different understandings about the local approach across Europe. What people and governments regard as “local” cannot be abstracted from history, culture, and place identity, language and power relations. Sometimes, however, the way administrative boundaries are determined by different governments for their own purposes gives a more fixed reality to the meaning of “local” and we need also to take this into account.

While this avoids the need to create precise definitions, it also highlights the potential *scope for misunderstanding* when people share ideas about “a local approach”. The “pictures” they have in their minds in using the phrase are socially and culturally constructed and are likely to be fundamentally different. In practical terms it is essential in IDELE to have people reveal the different meanings that they bring with them.

Critically, however, assigning a precise meaning to what is meant by “local” is not of overriding importance. The processes that give the added value to the local approach and that

IDELE is designed to identify and disseminate are not dependent on our coming to a precise definition (even if that were possible). By accepting that people's understanding of the local varies and by teasing this variation out, we are able to extract the transferable lessons and concepts and reveal the essence of the value added from acting locally.

2.3 *The local as part of a multi-level system*

One of the most important contributions of IDELE is to bring local employment development out of a ghetto that restricts it only to finding "best practice" ways to have local people do those things that can be done better with local action. This narrow view is even more limiting as a framework where (as we pointed out earlier) it has also tended to be closely associated with finding ways to help *poor* local people and *deprived* local places. One of the more powerful critiques of the local approach is that it can be seen as an invitation to poor people and poor areas to "pull on their own bootstraps" to tackle the local problems they confront. The ambition for IDELE and the local approach generally needs to be wider and more comprehensive.

IDELE is really about provoking a quantum step forward in policy thinking. This starts from the proposition that actions *conceived, managed or delivered at local level* can permit the opening up of new development opportunities and new sources of jobs that can generate additional wealth, well being and social cohesion. What can start the process of "thinking out of the box", however, is to accept that it is not necessary *simultaneously* to demand that all three (conception, management, implementation) all have to be done locally to find the "true" approach.

From this more open approach, acting locally can encompass a much wider variety of things. For example, it is possible to have things *conceived and managed locally* but delivered at greater scale efficiency by regional or national level agencies (for example job insertion programmes for unemployed young people that arise out of local initiatives and have local management but are adopted and implemented formally and run as regional labour office policies). Similarly, the local approach can also encompass things *conceived and managed centrally* but delivered (more sensitively perhaps) at a local scale using local agents (for example national programmes for neighbourhood management or community safety). There will, of course, still be the full range of actions already identified as *conceived, managed and implemented* locally.

The important thing here is that the *local* has a real place in mainstream policy across the board and that its position comes from the fact that both functionally and politically *acting locally* brings real added value. There are, in fact, many combinations of ways in which acting locally can be part of the policy process. Figure 1 offers a simplified view of just some of them. The "action possibilities" we have just described are shown on the vertical scale while the horizontal scale shows a selection of levels (national, regional, local) at which each could be carried out.

The left-hand column of Figure 1 shows the case where all the actions are carried out simultaneously at the local level. IDELE case studies from this group include examples from Roubaix (France), the Betet Skara project in Antwerp (Belgium), Trångsviksbolaget (Sweden) and the Isle of Eigg in Scotland (UK). The middle column of the diagram shows a situation where the action is conceived and managed regionally but handed down to local actors for delivery. IDELE case studies covering this group include Flanders DC (Belgium), Project SENDA (Galicia) and Networking for Innovators (Finland). The right-hand column sets out a third possibility where the actions are conceived and managed at national level and then handed down directly for local implementation. IDELE examples here cover such activities as Missions Locales (through the Lille (France) example) and the Lapland Centre of Expertise for the Experience Industry (Finland). Many other combinations involving a local dimension on one or other scale are clearly possible – opening the scope of this kind of activity far more widely.

What this conceptual viewpoint enables us to do is to work towards a possible hierarchy of local actions with a wider range of possibilities. The important finding for IDELE and its wider purpose is that *simultaneously local* conception, management and implementation represents by no means the only interesting possibility for policy development. In IDELE, however, we are also strongly focused on the ways these actions (of whatever kind) are created and put into place *in given local contexts*. This is essential not just to enhance our understanding of the value of local development but also to guide us to what is meant by “best practice”.

Figure 1: Combinations of Actions with a Local Component

| | Local | Regional | National |
|-----------------------|-------|----------|----------|
| Initiated & Designed | | | |
| Managed & Facilitated | | | |
| Activated & Delivered | | | |

3.0 THE ESSENCE OF IDELE: CAPTURING AND DISSEMINATING LESSONS FROM DIFFERENT CONTEXTS

3.1 Introduction

The essence of IDELE is, then, to distinguish from among these experimental projects and the wider universe of local actions those that are *well founded, sustainable and can usefully be transferred from place to place* (not necessarily wholesale but as individual ideas and

practical actions or just key principles and concepts). We make no distinction as to whether the suppliers and recipients are from poor places or rich places. We are looking at both⁵.

What we are demonstrating through IDELE is:

- How locally influenced action can help to create and enhance a *spirit of entrepreneurship and enterprise* not just in economic activity but in finding and developing new ways to do a variety of things from delivering services to building social and civil capital to making public administration more creative;
- How to *overcome those barriers* that stop people capturing the benefits of local action under different kinds of geographical, economic and political circumstances—sometimes this will be by local action itself but often the blockages that need to be removed will be at other higher levels in the hierarchy of government and public administration;
- How creating a clearer *space for local action* in both public programmes and private sector management strategies can help to generate new sorts of sustainable jobs and offer employment opportunities to a wider segment of the both of the economically active and the inactive population;
- How *local strategies* can be most effective in giving focus, purpose and integration to policy actions of all kinds;
- How local activities can be persuaded to move from short-term grant-based funding to *active measures to ensure sustainable development*;

In essence, IDELE is a *learning driven* process designed to explore these key questions. Consistent with its design, the objectives are to Identify the most important lessons that can be drawn from more than a decade of actions for local employment development and having recovered the lessons to Disseminate them and Exchange informed views about them.

On the basis of this rolling programme of desk research, seminars and discussions and web-based interaction a second objective for IDELE is to help in making the local dimension of policy more fully understood and, as a result, better positioned across European Commission and Member State programmes. This is likely to be best achieved by building on and

⁵ Though IDELE rejects the limiting notion that local actions for employment and development are simply about helping residents and stakeholders in *deprived localities*, many of the projects available to us for scrutiny have, of course, emerged from European programmes designed to experiment with ways to address local problems in deprived areas.

developing further its clearly defined and understood place in the European Employment Strategy⁶, thus bringing the local firmly within the ambit of the Lisbon Process⁷.

3.2 IDELE and the European Employment Strategy

Local inputs to productivity, creativity and adaptability in the workforce

The overall aim of the European Employment Strategy for the *workforce* of the EU is to focus attention on how its productivity, creativity and adaptability can be enhanced while the quality of jobs is sustained and there is equality of opportunity and an appropriate degree of security for workers. Most of the actions to achieve these objectives are workplace-based and will come from the internal organisation of work by employers in the context of those legislative frameworks that stem from national and European agreements about the relationships between flexibility and security. IDELE, however, has the capacity to look at how the overall aim of the EES is being achieved by actions in the wider local setting.

Since the effective actions to foster greater productivity, creativity and adaptability in real workplace situations take place *locally somewhere* the wider features of the local labour market and labour relations ethos can have a profound effect on outcomes. There is, then, a local milieu component to be taken into account here. Whether the local labour market is tight or slack, open or closed, or whether attitudes are flexible or rigid can make more than a marginal difference. Further, in a changed world of work where the work-life balance is a prime determinant of job satisfaction and where the effective knowledge base stems as much from outside influences as those in the workplace itself the wider effect of the *local milieu* has a power that has yet to be fully recognised. We have yet to enter this key area of interest in the context of the IDELE seminars but it is a topic to be explored during Year Two.

Horizontal themes and the unemployed and inactive

The IDELE process will also address a number of ‘horizontal themes’, some of which are set out in the European Employment Strategy as:

- providing adequate incentives for all those willing to take up work;
- promoting social cohesion and social progress;
- encouraging lifelong learning; and
- finding ways to engage the social partners.

For the *unemployed and the inactive* in relation to these themes, IDELE has a critical role in helping to capture and transfer ideas about the ways acting locally can create new sources of

⁶ Employment Guideline 10 (2003) states that ‘*The potential for job creation at the local level, including in the social economy, should be supported and partnerships between all relevant actors should be encouraged.*’

⁷ The ‘Lisbon’ process is based on the conclusions of the Lisbon European Council of 23-24 March 2000: http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm

jobs in labour markets where there is demand deficiency. In those regions that benefit from the Structural Funds, the search for new ways to revitalise old economies or to encourage enterprise creation in new ones has been a feature of the way local action has found its way into policy frameworks. Indeed, the best examples of acting locally are often to be found in places where unemployment and social exclusion have mobilised local groups, employer coalitions, politicians and administrators, small firms' consortia and the like to take steps to deal with the problems confronting them (the Refugees into Work project in London (UK) provides a prime example as does Betet Skara in Antwerp (Belgium) and the Paul Partnership in Limerick (Ireland)).

In the “stories” that IDELE finds to tell through its seminar events these places and the motivation that drove them to take local action figure strongly. They are invariably stories of committed local interests that see little hope of the promised “trickle down” from success elsewhere and that move to take action on their own account. Policy at higher levels has tended to follow rather than lead this movement for bottom up and local approaches. The IDELE process, through applying a systematic methodology, recovers these lessons and assembles them in a coherent way to inform policy at all levels about both the power and the limitations of the local approach. While the local is beginning to capture a more clearly defined place in the EES⁸, IDELE is designed to build on progress to date by offering the opportunity for the wider policy community to clarify its thinking about acting locally.

3.3 IDELE: The importance of geography as context

IDELE is all about seeing things in context. We have given attention to cultural and linguistic context in our discussion of the problems of defining what local means. We have referred to the political and administrative (governance) context as being a critical contextual variable for understanding why some things can and cannot be done locally in certain situations. We have indicated that what is done varies in relation to the economic context – demand deficiency or skills shortage, a context of growth or of restructuring but of course all these things come together under particular specific *geographical circumstances*. It makes a fundamental difference whether we are talking about local action in, for example, the neighbourhoods of a major metropolitan city, a declining industrial conurbation or a remote rural region.

“Friction of distance” effects by themselves - stripped of any other features that characterise places and their connections - have a profound bearing on what is possible locally and what is not. While the economic effects of this are well recognised – transport costs for goods, worker mobility and the constraints on information flows - it is critical to the IDELE enterprise that the geographical constraints of bringing people and groups into contact with each other make a real difference to how partnerships can be created and sustained.

⁸ for example Guideline 10 of the 2003 Revision and the chapter on ensuring better governance; see http://europa.eu.int/comm/employment_social/employment_strategy/guidelines_en.htm

In the urban and metropolitan contexts we can point to what have been called “crowded platform” effects where constellations of groups and partnerships vie with each other for recognition and resources. In rural areas (with varying degrees of population and settlement density) the possibilities are both quantitatively and qualitatively different. One way for IDELE to approach different local approaches in context is through what, for simplicity, we have categorised as metropolitan, urban-industrial, ex-urban and free-standing rural town and remote rural settings.

Sensitising *general policy* to the additional possibilities and value added of local approaches – appropriate for different issues in different contexts – is, then, the contribution that the IDELE process is making. To put it more simply, European and national approaches need to be more responsive to local opportunities and know-how, in order to capture the maximum added value.

The other side of this is that local players and partnerships need to be more persuaded of the need to “think out of the (local) box” and to look for appropriate solutions for their local problems – even if the logic of efficient and effective action means they might be best managed or delivered by those outside. There is a need for them to be more proactive in the regional, national and EU context in broadening the understanding of others that are needed to facilitate local actions.

4.0 THE ESSENTIAL ADDED VALUE OF ACTING LOCALLY: TRUST, RISK MANAGEMENT AND CONFLICT RESOLUTION

4.1 Acting Locally as the Empowerment of Local Actors

Regardless of where *acting locally* sits in a multi-level system of governance, it is the task of IDELE to establish some of the key features of the real value added of the local approach. At root, this can come from the empowerment of local actors - either because they decide to *adopt their own stance* on a particular issue or because some act of policy sets out to *endow them with a space in which to act* and some powers to make a difference. Naturally, the two are not exclusive.

This empowerment can, of course, simply be a mandate from the centre to local agencies to carry out actions of their behalf at the local level. We have not ruled this out (see Figure 1) as a key component in local employment development; local “authorities” (“authorised” by the State to act in certain ways) are inevitably a vital element since they are embedded in the local milieu and are therefore more sensitive to local issues and to how things will work best locally. Being either democratically elected or the legitimate agents of the State they can capture that key ingredient making for value added – the trust of local people. The added value of the local approach that IDELE seeks to identify, however, is where the local authorities act *in concert with others* on such matters as local employment development and design combined and co-ordinated strategies that give local added value to existing policies.

The precise form of these multi-stakeholder, *partnerships, coalitions, and networks* (some appropriate descriptors for players “coming together”) is, as Figure 1 also suggests, highly flexible in form. In a multi-level system the players behind a local strategy can be from other levels notably regional or national. Significantly, however, while the local authorities may be members of most such bodies, there will be some partnerships or coalitions that have a purpose that gives them more of a focus on local employers and business interests. Other such groupings may capture only NGOs or social partners.

The Rich Variety of Possible Partnership Forms

IDELE shows, as its bank of case study examples expands, the rich variety that local partnership forms can take. It is consistent with the IDELE approach that conversations about this represent a key feature of the exchanges that need to take place between different places as they trade their experiences. It is part of our approach to acknowledge that the possible variety of local partnership forms is constrained in some readily identifiable ways – geography, the socio-cultural milieu, the scale and intensity of the local economic or social problems and so on. On the downside, we have already indicated also that under certain circumstances (the “crowded platform” example) this richness and variety in local partnership forms may become dysfunctional as players jostle with each other in competition rather than collaborate together for common purpose.

While we can assert the value (within certain limits) of the richness and variety that exists within local partnerships and coalitions and gain value from conversations between players in different geographical, economic and political situations, we need also to capture more succinctly the essence of the value added that can make a difference to local employment and development. The clearest ingredients, whose presence or absence makes a significant difference to consideration of effectiveness and efficiency, are *trust, risk management and conflict resolution*. We can now explore how these can emerge in local partnerships to give measurable advantages to those localities that have them over those that do not.

4.2 The Intrinsic Value of Local Partnerships

Partnerships involving multiple stakeholders can have a particular functional value. They can reduce conflict between the different actors in a given venture. They can spread risk across a wider group of players and therefore encourage them to take more creative actions. They can increase co-ordination and ensure that the venture is effectively embedded in the local system of governance. Critically, they can underwrite a sense of common purpose that can marshal more than just efficiency and effectiveness to a venture and give it the extra drive and innovation that can come from mutuality. In this critical sense partnerships can be regarded as a device for the creation and maintenance of social capital in local communities as well as a source of value added to enhance local prospects for development and employment.

Local partnerships may also be able to provide a creative way to deliver some new services or help existing services to perform better – particularly in poorer areas where gaps exist that the private and public sectors leave unfilled (the market failure case referred to earlier). Where they really work well, they can provide a means both to control service delivery costs and to improve the quality of outcomes. They can, for example, encourage participants to offer more than the strict value of their labour time and to be willing to add free labour to a venture that they believe in. The trust that partners can create between them can also reduce management time and the transaction costs of conflicts over roles and actions. Where partnerships can be close to the customer or client base by being in some way “part of their world” they can help to ensure that delivery activities are more highly sensitised to local needs.

Getting the “right” partners involved is absolutely vital both to deal with the task itself and to create the necessary climate of trust. In the case of local employment development, certain obvious players suggest themselves, such as state agencies, local authorities, social partners, local community interests, and so on. Indeed, governments are taking an increasingly active role in bringing them together. IDELE already shows, however, that, in places where partnerships have come into being independently and out of some local sense of common purpose, success is more readily assured (the Sophia Antipolis (France), BioDundee (UK) and Oyonnax (France) case examples show just how effective this can be).

4.3 The Added Value of Working in Partnership

The special features underpinning the advantages local partnerships can bring to employment and development can be summarised as the opportunity to:

- establish a shared vision and strategy across a variety of stakeholders;
- use trust as a way to lower transaction costs;
- get stakeholders to see the importance of their common purpose as the basis for a fair distribution of costs, risks and benefits;
- raise the confidence of all their participants by a deliberate strategy of empowerment; and
- gain from sharing learning as the partners grow to understand each other and the needs of the venture over time.

These are only set out as “opportunities” since in reality, of course, the ideal properties of partnership do not simply emerge out of the process of stakeholders coming together. They have to be striven for, worked at and built up over time. As the IDELE case studies demonstrate, the best partnerships will seek to play to their strengths and minimising their weaknesses, whilst always understanding and working within the realities of the local context.

4.4 Trust as the Key Factor in Adding Value

For multi-stakeholder partnerships, whether in local employment development or any other activity based on social or common values, the key factor that delivers their special advantage

is *trust*. In particular it is about the relationships between the players and relies on being able to:

- predict others' behaviour with confidence;
- have confidence in the intentions of others; and
- have the confidence that the risk of creative action can be shared with others.

Trust is, however, not just some new management technique that can be learned from a textbook or installed by a hired consultant (though these can help). In reality, trust tends to build up slowly. At its simplest, trust is built up from the way people share experiences and learn from them. It is best thought of as being something inherited as an *endowment* from past actions – a feature that characterises most of the selected case studies of best practice in IDELE. In this sense it builds up as an intangible asset – “we have learned to understand each other and know how best to work together”. These trust-building experiences take time and build incrementally through good times and bad. Slow to build, trust can however be very quickly destroyed. It is a fragile property to be nurtured and protected and, if possible, handed on.

Partnerships are, in an important sense, vehicles for the installation and maintenance of trust. It is important, however, not to be naïve about them. They are also about *negotiations over power* between the individuals, agencies and groups involved. In reality, partnership is a compliance mechanism – getting people and groups to negotiate with each other about the common purpose and to determine which views and interests will prevail over others in achieving it. Many examples of partnerships exist where vested interests use the façade of “partnership” to co-opt and disarm weaker players – destroying the basis of trust that gives real partnership its special edge. It is vital, then, not to be naïve about partnership and to recognise that malign things are possible and set out formal “rules of engagement and rights of challenge” to deal with them when they arise.

In this section we have established the intrinsic merit of the local partnership approach and some core principles about the nature of partnership working. We now need to focus our attention on the practical lessons emerging from IDELE. We restrict ourselves here to a general view since the necessary, context dependent, detail comes from the Theme Papers that accompany this overview.

5.0 ESTABLISHING AND SUSTAINING LOCAL EMPLOYMENT DEVELOPMENT ACTIONS: SOME BASIC PRINCIPLES

5.1 Finding the resources, space and leverage for local action

Turning from the intrinsic value added from acting locally in partnership to an overview of more practical considerations, IDELE highlights three key issues that commonly exercise those acting locally.

- First, there is a need to achieve a degree of clarity about the problem to be addressed and devise a strategy.
- Second, there is a need to secure the necessary resources, leaders and people to act upon it.
- Third, there is an essential need to see what others have done in similar situations and learn from their experience.

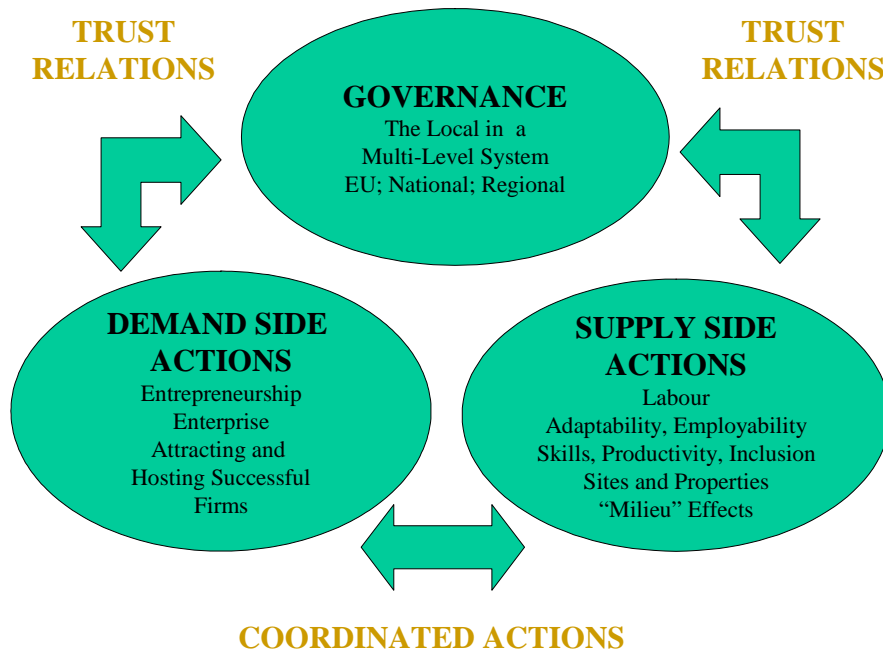
In doing this, one of the most powerful findings is how important it is that local players “cut their cloth” appropriately and set themselves realistic ambitions about what they can achieve. As a key part of the overall approach, we have learned that it is vital to consider two less obvious things:

- where local players can fit their activity into those of others already in place; and
- where local players can best exert the leverage they need in the system of local governance.

It is obvious that, in any given situation, local action will be strongly influenced by the national, regional, economic and historical context. In some cases (regardless of resources) the limits of the space for local action may be highly constrained, yet in others, highly permissive. This is one of the *systematic* sources of difference in the shape and outcomes for local employment development that we shall emphasise throughout the IDELE process. Indeed, one of the early insights from IDELE is that the nature of the existing governance system as a restrictive or permissive force should be acknowledged at the outset and that actors should learn to work within this to their best advantage. While change is always possible in the long run, it is better to see it as an exogenous variable. A second *systematic* source of variance lies in the geographical-economic-social context against which the action is set.

Figure 2 sets out a way of looking at the elements of the process in a given geographical and social context that serves to organise our thinking in IDELE.

Figure 2: The Methodology for IDELE: Defining Elements in a Given Social and Geographical Context



The diagram captures and simplifies the elements that are critical both to effective practice and to an exploration of the value added of the local approach. Each component (governance, demand, supply) differs from locality to locality, as do the ways in which they interact with each other in the differing circumstances that are confronted. While the individual elements (entrepreneurship, skills, multi-level governance and so on) can be understood individually, the essence of how additional value can be derived from acting locally comes from how all three *stand in relation to each other*.

The best examples that the IDELE case studies reveal is how elements within and between each component are constrained to somehow *cycle-together* in progressive ways (Sophia Antipolis (France) and Trångsviksbolaget (Sweden) show how this is achieved). In the logic we have designed this can only be revealed through *conversations about real actions in real contexts*; there will be no context-free theoretical solution for translation into policy practice.

It follows from this that there can be no simple prescriptions for “best practice” (except of the most generic and obvious kind) for local employment development. The only way to improve the efficiency and effectiveness of local actions in the face of such contextual variety is by *conversation and shared learning* and by *benchmarking* where some general idea of “like-for-like” is identified through these conversations. By informed and structured conversations and a regular process of “open co-ordination”, the actors – local and non-local – involved in local approaches can learn how best to navigate the complexities of the policy environment. This, in essence, is what the IDELE process is seeking to achieve.

5.2 Time to establish the local approach as a key policy platform

One of the features of the flowering of local partnership forms dedicated to local employment development is that European policy initiatives have encouraged a wave of experimental activities under the sponsorship of Community Initiatives. IDELE comes at a significant moment in relation to this. After more than a decade of largely European funded experimentation and pilot action, the time has come to establish the local approach formally as a key platform for policy.

IDELE offers the opportunity to have real conversations about actual value added and to obtain and disseminate a rigorous view of where and precisely how “acting locally” makes its best contribution. As we have shown, this varies sharply depending on the policy issue that is to be addressed and the geography (urban, rural, growth region, depressed area) and the governance system (centralised, decentralised) that is expected to take local action on board. We already know that there are no ‘one-size-fits-all’ solutions and that these sorts of contingent conditions can strongly influence whether a local approach can be expected to go well or badly. IDELE offers all who participate in it the chance to participate in the evaluation and development of the thinking that lies behind *acting locally* so that we can give it a solid platform in enabling policy.

5.3 Sustaining local actions in the long-term

Over the last decade or so, there has been a plethora of funding programmes for local employment development made available by the EU and national governments. Whilst this has, as intended, stimulated an extensive and diverse pattern of local activity and partnerships, it does not necessarily guarantee the long-term sustainability of such action. Indeed, some partnerships may have become overly dependent on continued public subsidy from the EU or national level, rather than using such subsidy to create long-term benefit. With a greater emphasis on the open method of co-ordination, rather than pilot funding programmes, future funding opportunities from the EU are likely to be fewer than in recent years.

In this situation the prospects for sustainability will best come from exploring two pathways. The first involves taking active steps to ensure that the value added that arises from local partnership action is rigorously measured and documented and presented to the mainstream national, regional and European authorities with a view to having funds applied to it more actively⁹. The second requires that new routeways to investment and finance be sought out – not simply within the domain of public subsidy but also within the sphere of private and mixed public-private finance – capturing those sorts of “double bottom line” funds we spoke about earlier through a recourse to social enterprise development.

⁹ Social audit and accounting methods are now widely available and will need to be more actively applied if adoption by the mainstream is to be effectively secured.

The second year of IDELE will explore in more depth these possibilities for creating sustainability, with a particular emphasis on innovative financial instruments as an alternative to the grant culture.

Some of the following basic principles that have emerged from IDELE in this first year will be carried forward as we move on to develop the sustainability debate:

- Local employment development is as much about improved governance as it is about operating projects. Good local partnerships can bring about efficiency gains that would not be captured by individual actors working in isolation. In some cases, they can simplify and rationalise a proliferation of initiatives or customise mainstream (national) programmes to local needs. Placing the local more effectively within the multi-level governance system of a Member State or region is vital to having it recognised as part of “normal” governance.
- Local partnerships have a need to build their own institutional and enterprise capacity *for the long term*, as well as delivering short term activity ‘on the ground’. This will give them an enhanced scope for building diversity into their funding base and make them less reliant on a narrow and often public sector source of funding.
- Local employment strategies need to move on to be a statement of how *local needs can be most effectively met and opportunities for development put into place*, rather than reflecting the requirements demanded by particular funding regimes. (however rational this has been hitherto) In short, public funding should no longer be the dominant centrepiece for local strategy development.
- Local activity to support enterprise growth and development offers a relatively straightforward route to self-sustaining finance where it demonstrably serves to reduce the fixed costs of SMEs in ways that incentivise each of them to pay the costs of collaborative action. The sharing of techniques, technologies, management and communication tools and human resources can give local operators the benefits of added scale and scope in their individual markets. This can not only enhance their own profitability but can also provide real jobs for local people in the process.