BUILDING EFFECTIVE LOCAL PARTNERSHIPS: ORGANISATIONAL CHALLENGES AND STRATEGIC ORIENTATIONS

Croatia, January - July 2007

Final Report

July 2007
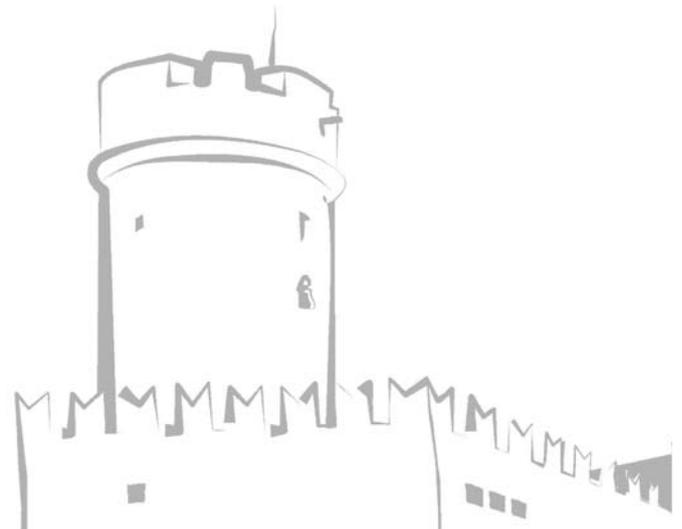
AUTHORS' NOTE

This discussion paper on "Building Effective Local Partnerships: Organisational Challenges and Strategic Orientations" is the result of an active review of local partnerships in the Croatian counties of Vukovar-Sirmium and Varazdin. The objective of this active review has been to build capacities for local development through better governance by addressing existing local partnership initiatives, such as County Partnerships and Local Partnerships for Employment. The activity has been named an active review because of its setting that allowed participants to exchange experience and engage in a mutual learning exercise. Findings of a one-week study visit and a one and a half day seminar are put together in this discussion paper.

The active review "Capacity Building for Effective Local Partnerships" is a joint project between the Organisation for Economic Co-operation and Development (OECD) and the U. S. Agency for International Development (USAID). It is implemented by the OECD LEED Trento Centre for Local Development, the USAID Mission to Croatia and USAID's partner institution World Learning.

An international review team with the participation of Dr Reiner Aster (Germany), Maria João M. Filgueiras-Rauch (Germany), Prof Mike Geddes (UK) and Pat Leogue (Ireland) accompanied the OECD Secretariat and the USAID Mission to Croatia in an international review panel visit, undertaken from 23 to 27 April 2007, to the counties of Vukovar-Sirmium and Varazdin. Marion Byrne (Ireland) and David Galliers (UK) contributed to a workshop on 28-29 May 2007 in Opatjia, Croatia. Andrea R. Hofer from OECD and Arsen Juric from USAID managed this review and supervised the work. Morana Kovacevic and Lidija Rakar from World Learning managed the organisational preparation of the field visit and the regional workshop.

The information on the localities in this report is based on: (i) a background report on the notion area-based partnerships in different policy areas and the establishment of County Partnerships in Croatia, prepared by OECD and USAID for the review panel members, (ii) findings of the international review panel visit, and (iii) the discussion of the draft summary report and OECD best practice examples in a workshop.

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INTRODUCTION

The review of local partnerships in Vukovar-Sirmium and Varazdin, two Croatian counties with different starting points in local development and a different composition of local assets, brings forward a discussion on ways to build the capacity of local partnerships in Croatia. What needs to be done to enhance the capacity of partnerships to engage in policy development and delivery so as to make policy more participatory and responsive to local needs?

Throughout OECD countries, partnerships are being set up as government, business and civil society cooperate to promote economic development, solve social and employment problems more effectively and thereby contribute to improved local governance. Often supported and sometimes initiated by the government, these partnerships seek to co-ordinate policies and actions, adjust national policies to local conditions, and involve representatives of all sectors of society in shaping measures and projects. Building partnerships is a difficult exercise. Effective partnerships can influence the way policies and programmes are implemented in their region, and challenge and alter projects led by business and the non-profit sector. Where partnerships raise ideas and concerns that are based on a shared vision and strategy, they are not easily dismissed.

Partnerships aim to contribute and impact on the design and delivery of public policy applying a range of mechanisms, such as fostering co-operation across organisations, assessing the coherence of the various actions conducted and proposing ways to improve this, conducting strategic planning exercises aimed at setting common objectives in order to better achieve policy goals, and implementing local strategies through for example, proposing or appraising projects, designing specific measures and delivering services. To complete their mission, constant significant organisational effort is required: partnerships must ensure trust and commitment from the main public services and government agencies concerned; they need to seek participation from business; and an unchallenged support and representation from civil society.

A study was made in Croatia in the first half of 2007 to examine partnership development and functioning. The review process, jointly conducted by the OECD LEED Centre for Local Development and USAID Croatia, included an assessment of the current contribution of partnerships to the delivery of policies and their role in designing and implementing local strategies. The counties of Vukovar-Sirmium and Varazdin were selected for local case studies. Main criteria for the selection of the two geographic areas in Croatia were a diversity of socio-economic contexts; a diversity in the degree to which objectives have been met in the past, to reflect both positive and negative factors in the governance context; and a diversity in institutional arrangements behind the partnerships, such as working relations with different government levels and activities within, or across, territorial administrative regions. Partnership models and initiatives (both experimental and already consolidated) that were examined either pursued policy goals related to employment issues and labour skills development, or economic development.

This report presents the main findings from the study. The report makes observations on the strengths and weaknesses of the current local partnership approaches and provides recommendations on how public, private and third sector actors could effectively join efforts, and provides examples of programmes in other countries that illustrate the sorts of approaches that could be taken to implement the recommendations.

The purpose of this report is to provide an external perspective on opportunities for the development of new forms of governance to foster local employment and economic development and promote innovative approaches to social inclusion. It aims to feed a capacity building process around innovative approaches and best practices, building on strong local partnership experience in a range of OECD Member countries.

Key messages of the report, in terms of suggested actions, are summarised in an Action Plan included in the Annex of this report.

LOCAL DEVELOPMENT AND PARTNERSHIP

Mike Geddes, Warwick Business School, University of Warwick, United Kingdom

Introduction

Local development is a priority for Croatia as the country recovers from the war following the break-up of Yugoslavia but still confronts many issues, from regional disparities to the inclusion of minority groups and the achievement of social cohesion in the wake of wartime conflicts.

Across OECD countries, partnership has become a fundamental feature of local governance and local development policy and practice. Through partnership it is possible to create a shared vision and strategy for local development, and joined up arrangements for local governance which assist in implementing the strategy. Effective partnerships enable the pooling of ideas and expertise; maximising resources; sharing risks; and provide a stronger voice for localities in national policy debates (OECD 2001, 2004, 2007[1]).

Local partnership is already becoming recognised as a key vehicle for local development, through programmes such as CARDS[2], County Development Partnerships and the preparation of ROPs[3]; Local Partnerships for Employment[4], and County Economic and Social Councils[5], as well as some more locally-driven initiatives. As the country enters the pre-accession phase prior to EU membership, the importance of partnership frameworks related to access to EU funds is becoming a key driver.

However, if local partnerships are to function effectively and deliver added value, a number of conditions must be satisfied. The membership of the partnership must include all the key players, and must be inclusive while at the same time having efficient decision making processes. Partnership structures must be robust and enable all partners to make their contributions. Attention must be paid to ensuring that the partnership culture is one of trust and collaboration. Leadership is important – but in a partnership leadership needs to be shared, and must rely more on building consensus than on the exercise of authority.

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[1] OECD (2001): Local Partnerships for better governance; OECD (2004): New forms of governance for economic development; OECD (2007): Baltic Partnerships: Integration, growth and local governance in the Baltic Sea region.

[2] Ecorys (2004): Strategy and Capacity Building for Regional Development (CARDS 2002 Programme for Croatia), downloadable at http://www.mmtpr.hr/UserDocsImages/CARDS_2002%20(D)/documents.html.

[3] County (Development) Partnerships derive from the County and Wider Regional Development Programme (CWRDP) which in turn relates to the National Strategy for Regional Development of the Ministry of Sea, Tourism, Transport and Development. The first partnerships at county level were established in war-torn areas eligible for CARDS. Their experience in designing ROPs (Regional Operational Programmes) has then been mainstreamed.

[4] The Local Partnerships for Employment Programme addresses the human resource and employment issues involved in the promotion of national economic and social cohesion in Croatia. For more information on the Local Partnerships for Employment, see the website of the Croatian Employment Service at http://www.hzz.hr/lpe/.

[5] Social and Economic Councils have been established in each region, coordinated by the Office for Social Partnership.

The working practice of the partnership must include arrangements for performance management and evaluation. Partnerships need to be supported by adequate resources – sufficient funding to meet their operating costs, and a staff team which possesses the skills and knowledge to support the activities of partners and assist them in the design and delivery of the local development strategy. Only if these conditions are met is it likely that partnerships will be 'fit for purpose' and add value to local development activity and to the work of local partners.

The Review undertaken in April showed that in Croatia there are important strengths which can be built on in developing effective partnership at the local level, but also barriers which need to be overcome. The Review included interviews at national level, but focussed on two areas – Vukovar-Sirmium and Varazdin. These two areas exhibit major differences in terms of the impact of the war, economic progress and prospects and social conditions and the following analysis recognises these at relevant points. Despite these differences however many of the issues and policy implications are similar in the two locations.

Strengths and weaknesses

Further development of partnership working for local development can build on several important strengths which were evident from the Review. There is a broad recognition of the need for partnership working at local level – to aid the process of reconstruction in Vukovar, to meet the challenges and maximise the opportunities of EU accession in both localities. This recognition is apparent in the partnerships which have developed around the ROPs/County Strategies in both Varazhdin and Vukovar-Sirmium (although the current arrangements are different in the two localities).

ROPs and County Partnerships

Partnership working associated with the development of the Regional Operational Programmes (ROPs) has enabled important initial steps to be taken in setting up local strategic partnership arrangements at the County level in the form of County Development Partnerships.

In both Vukovar-Sirmium and Varazdin, consultations about the development of the ROP drew in large numbers of partners. In Varazdin, over 100 individuals were involved, drawn from all sectors – public agencies, civil society, business, agriculture. Partners are still meeting every six months in a Partnership Committee of 90 members which enjoys a parallel status to the County assembly in terms of ROP implementation. Members have been sent questionnaires to get their views on the process. In Vukovar-Srijem County, similarly large numbers of partners were involved in consultation processes, but as the ROP is being transformed into the County development strategy the county partnership has been restructured to include 21 members (7 each from the public administration, business and civil society. The partnership, which is now seen as the 'umbrella' local partnership, will be responsible for monitoring strategy implementation in co-operation with the County. The national policy guidelines for County Partnerships[6] define their role as a platform for constructive dialogue between the County and the range of other stakeholders in the area, to enhance developmental capacity and consensus at the local level, pool resources to finance projects, and oversee the delivery of the County Development Strategy. Understandably, the emerging county-level partnerships in Vukovar-Sirmium and Varazhdin are still at this point mostly at the stage of consolidating membership and ensuring the conditions for real dialogue.

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[6] Ministry of the Sea, Tourism, Transport and Development (2005): "Guidelines for National Policy", Annex VI, Action Plan, draft National Strategy for Regional Development, downloadable at http://www.mmtpr.hr/UserDocsImages/CARDS_2002%20(D)/action_plan_annexes/annex6.doc.

In both Varazdin and Vukovar, there is a shared identification of key goals (such as reconstruction and tackling unemployment in Vukovar, access to funding and promotion of inward investment in Varazdin) and very active practical collaboration and often informal partnership at project level and around specific sectoral issues. The Local Employment Partnership in Vukovar-Sirmium and the E-Vukovar project are good examples.

E-Vukovar

E-Vukovar is a joint initiative of Vukovar, United States Agency for International Development (USAID), and private businesses, including IBM and Microsoft, to expand information, communications, and technology applications. The purpose of the programme is to improve government services, business productivity, and access to education and training.

USAID's e-government system is helping the City of Vukovar to improve work performance within their local government. It also provides real-time on-line services to citizens and businesses and enables interactive communication between the local government and citizens. Currently over 2 million citizens use the USAID-designed e-government system in over 100 local governments throughout Croatia. This system has been expanded in Vukovar to include all public companies.

E-Vukovar has the further potential to provide networking, information sharing and dissemination support to partnership working in the Vukovar area, if the programme can be expanded so that it is actively utilised and 'owned' by all key partners – local governments at County and city/municipality level, other public agencies, and NGOs and citizens.

In Varazdin, political collaboration between parties and entrepreneurial local leadership provides an impetus towards partnership. This is apparent, for example, in the establishment of the Development Agency North (DAN) by Varazdin with three other towns and a County administration.

Political leadership in Varazdin

In the Varazdin area political leadership has been a key factor in promoting strategic local partnership working. In Varazdin City, a strong mayor and cross-party collaboration has promoted active partnership relations with business (for example through a City Economic Council which functions as a 'growth coalition' promoting developments such as the Varazdin Free Zone and inward investment activity). The political leadership in Varazdin has also taken the innovative step of linking with three local cities to set up a development agency, DAN (see following box). Active political involvement (for example through brainstorming strategy sessions) remains an important feature of DAN's operation.

The Development Agency North (DAN)

The Development Agency North (DAN) has been active in promoting a partnership-based approach to local development in the Varazdin area. Its approach is significant in at least three ways. In the first place, the partnership between a group of like-minded cities represents a local, bottom-up approach which aims to build on local strengths and compatibilities in promoting local development. Secondly, DAN works closely with parallel agencies in Slovenia and Hungary, recognising the importance of cross-border issues. Thirdly, DAN actively promotes partnership working at the project level, not only with business interests but with civil society organisations on projects concerned with employment and social inclusion. It must be noted however that, because DAN only includes certain local administrations, there is a danger which must be avoided of unnecessary competition between DAN and the parallel County development Agency, AZRA.

These strengths reflect the capacity for innovation, leadership and collaboration which are apparent in some institutions and among some actors in Vukovar-Sirmium and Varazdin. These strengths are however paralleled by several weaknesses and barriers to fuller partnership working for local development, reflecting the persistence of traditional 'silo' ways of working within government (both nationally and locally) and political tensions, as well as resource constraints.

Much of the current and recent partnership working has been limited to a specific theme (*e.g.* local labour market and employment issues) or linked to a specific task or funding source (such as the preparation of ROPs). There is now a need – as is recognised - to move on from these experiences to embed local partnership working on a more broadly based and permanent basis.

The existence of several partnerships (the ROP partnership, Local Employment Partnership, county Economic and Social Council) reflects the rather *ad hoc* way in which partnership working has developed around a number of policy issues. However there is now a need to review such partnerships in the context of broader local development needs.

There are currently very limited resources to sustain partnerships. This applies to many aspects of partnership work (for example the small numbers of staff supporting initiatives such as DAN and AZRA, the Varazdin County Development Agency, excellent though these individuals may be), but especially to functions of monitoring, evaluation and performance management, which are seriously underdeveloped.

Partnership working can be inhibited by political tensions both within and between local authorities. Healthy competition between local governments can be a positive stimulus but it is not clear that the existence of two local development agencies in the Varazdin area is helpful: for example it may hinder attempts to reduce socio-economic disparities between urban and rural areas. Similarly in Vukovar-Sirmium political tensions between the municipality and other agencies was identified as a barrier to partnership.

Local actors require more support from the national level. Local development requires more prompt, proactive and joined up support for local initiative from national ministries and more effective partnership working 'vertically' between national government and local agencies as well as 'horizontal' partnership among local actors.

The County partnerships in Vukovar-Sirmium and Varazdin are now beginning to consider the requirements for performance management and evaluation as they move towards the implementation of the ROPs/County strategies. However, much more remains to be done in this respect and it is important that evaluation is not regarded as an afterthought or add-on but as an integral part of local development strategy and partnership working.

Policy implications and recommendations

A strategic and sustained approach to local partnership and local development

The basis has been laid in Croatia for effective local development partnership. However, if partnerships for local development are to become more firmly embedded as a key element in local governance institutions and processes, and address the conditions discussed above which will determine whether they add value, a more strategic and sustained approach to local partnership will need to be constructed on this basis. This has a number of specific policy implications:

1. There should be one 'umbrella' local strategic partnership, with one joined up local development strategy. This will make the most of funding streams and help secure better linkage between strategy and projects. Building on recent experience such as the ROPs and local employment

partnerships, this should involve all key players, and provide the context within which the institutional corporate strategies of partners relate positively with each other. Themed partnerships (on issues such as employment) should be nested under this umbrella. Civil society institutions and NGOs should be equal partners with public agencies and businesses in this partnership. One of the learning models described later in this report is the Devon Strategic Partnership, which illustrates good practice in establishing a strategic partnership at County level in England.

2.   A common problem in many countries is whether such a local strategic partnership should be located at the county or municipal level. The primary principle in addressing this issue is that the partnership should be both strategic (operating at a level appropriate to influence key actors and strategic development issues) and local (in touch with local society and grassroots issues). If the solution is seen to require such partnerships at both county and municipality levels, protocols or guidance for effective collaboration and clear definition of respective remits are essential. One of the learning models at the end of this report describes how an action learning process was used by local strategic partnerships in England to help develop guidance on two tier working.

3.   Related to issues about two tier working, it is important that there is not duplication of agencies unless the benefits of this are very clear and outweigh the costs. Thus in the case of the DAN and AZRA agencies, the potential for additional costs and harmful competition needs to be set against any tangible benefits in considering what are the most effective and 'joined up' future institutional arrangements.

4.   There is a need to widen and deepen partnership working, in a transition from what has been primarily reactive partnership driven by top down requirements and external consultants, towards proactive and sustained partnerships with more locally-driven agendas. An important factor in deepening partnership in this way will be the development of 'distributed leadership' in which several important actors jointly exercise leadership of partnership agendas, rather than leadership being seen as the responsibility of a single individual. At the same time, some partner agencies which currently have only limited ownership of local partnership agendas should become more proactive.

5.   Effective local partnerships needs adequately resourced support structures, for example a partnership team which has the capacity, skills and expertise to perform a number of functions, ranging from high level negotiation and strategy development to performance management and evaluation. The willingness of partners to contribute to such a support infrastructure is often a litmus test of commitment to partnership working.

6.   A second litmus test is the willingness of all partners to bring their own strategic plans 'to the partnership table' to ensure that they are consistent with agreed local strategic priorities.

7.   An active programme of public consultation and engagement will be important to ensure that partnerships are transparent and democratically accountable.

If this kind of partnership framework is in place, it will make it much easier to produce and implement a strong local development strategy which has clear strategic objectives which are shared and owned by local partners; combines economic, social and environmental aspects of local development and minimises the tensions between them; translates into an action plan with robust targets and associated performance indicators; dovetails with national and European strategic priorities and programmes, and helps to ensure that these are implemented at the local level in a way which respects local needs and opportunities.

The Coventry Community Plan

The Coventry Community Plan is the strategic plan of the Coventry Partnership in England. As such, it provides overall local strategic guidelines for the strategic and corporate plans of all key organisations and sectors in the city which are members of the local strategic partnership.

The plan has two overriding goals – 'raising our game' (improving services in the city) and 'closing the gap' (reducing inequality and poverty). These goals are reflected in the key themes of the strategy – housing, health, employment, learning and training and neighbourhoods. For each of these, the plan defines priority outcomes and performance indicators, many of which are related to national public service targets and indicators. The Coventry Partnership then supports activities which help to achieve strategic plan outcomes, and works to ensure that successful projects are sustained permanently by mainstream funding. Accountability mechanisms are regarded as crucial by the partnership and mechanisms exist to ensure accountability to partners, to citizens and to government. In particular, an annual citizen quality of life survey is undertaken which both provides feedback on progress and influences evolving priorities.

For further information see www.coventrypartnership.com

Implications for local government – capacity building for partnership working.

Local government has a key role to play in local development partnerships. In many countries, local government will be *primus inter pares* among agencies involved in local partnerships, and will take the lead among local players in resourcing and supporting them. However, there is an ever-present danger that this role will result in undue domination of partnership agendas, alienating other partners, while working in partnership implies organisational and cultural change for many within local government. This has important implications for leadership, organisational development and capacity building activity. At the same, local government will look to national government for effective support for its partnership role.

Counties and some municipalities are already important players in local partnerships in Croatia, but if those already active are to continue to play this role, and others are to become more active, it will be important to build the capacity of local government. Capacity building programmes, which may be able to utilise the infrastructure created by the USAID Local Government Reform Programme, should include several elements:

1. Support for leading actors in local partnerships. Leadership in partnerships may come from a number of quarters – local politicians, senior officials, active individuals from civil society and NGOs. But leadership in a partnership context poses new challenges compared to leadership of a traditional organisation (such as the importance of consensus building rather than the exercise of authority) and experience elsewhere shows that support programmes for local leaders may be important in underpinning adaptation to new circumstances.

The Community Empowerment Fund

In England it is recognised that civil society organisations have a key role in local partnerships, but by their nature they tend to have inadequate resources to enable them to take leading roles. The Community Empowerment Fund provides such resources to support community engagement in local strategic partnerships. In particular, the Fund helps to enable local Community Networks to be set up, bringing together key individuals from the local voluntary and community sectors to ensure strong, representative and accountable involvement of the sector on LSPs.

For further information see
www.renewal.net/Documents/RNET/Overview/Neighbourhood%20Renewal/Communityempowermentfund.doc

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2. Technical support for partnerships. Councils and municipalities (along with other partners) will need to ensure that partnerships have access to the capacity and the range of skills and expertise necessary in a local partnership support team.

3. Organisational and cultural change. Partnership working can prove to be a major challenge for local politicians in leadership positions in a partnership because it requires a very different leadership style. It is also, though, a challenge for many officials, senior and junior, who need to adapt to a more collaborative way of working rather than the traditional hierarchies of local government. Partnership requires both managers and front-line workers to work more closely with both partner agencies and with citizens, and programmes of organisational and cultural change and development may be needed to assist this.

The Leadership Academy

The Leadership Academy is a national programme in England supporting local councillors in adapting and updating their skills and knowledge as local government is modernised. Senior councillors can opt in to the programme which provides a structured framework for learning over a period of a year or more. As the title of the programme suggests, leadership is regarded as the core competence of a senior councillor, including leadership within the context of partnership working which is a major component of the modernisation of local government. The programme mixes inputs from academics, policy makers and practitioners with sessions addressing the specific problems and issues faced by participating councillors.

For further information see www.idea.gov.uk/idk/core/page.do?pageId=1700429

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4. Enhanced capacity for performance management, monitoring and evaluation is a specific need for which partnerships are likely to look towards partners such as counties and municipalities.

Implications for national government

National government has a crucial role to play in providing a context in which local partnership can flourish. This role will include legislation and policy guidance to establish the framework for local partnership, such as the national guidelines for County Partnerships, and arrangements to manage and monitor local partnership performance. But the national government role also commonly includes resourcing and other forms of support for local partnerships. Just as effective partnership implies close collaboration between agencies and interests at local level, so national government must ensure that there is effective coordination of ministries in relation to local partnerships and development. In the Croatian case, these principles lead to the following recommendations:

1. A more coordinated approach between those Ministries whose local offices and agencies are partners at the local level, along with a commitment to flexibility in the implementation of policies and programmes so that local agencies are able to contribute to shared local priorities as well as national targets.

2. Local partnerships are looking to national government for clearer guidance and support, for example by the establishment of training and development programmes to enhance skills and capacity at the local level. National government also has an important role to play in facilitating the exchange and dissemination of good practice by local partnerships, for example through peer review processes.

Renewal.net

Renewal.net is an online guide for those involved in local regeneration in England. It is a resource for the many local partnerships involved in local development.

Renewal.net offers a range of free services, including:

- Toolkits to help deliver local development. These range from toolkits to improve partnership working and performance management, to guidance on more specific aspects of local development.

- Research reports and summaries

- News of national policy developments and local good practice

- Discussion forums and notices of events.

For further information see www.renewal.net

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3.   In some other countries, these roles of co-ordination and support are provided not directly by Ministries but by an intermediary agency which has specific responsibility for managing and supporting local partnerships. This is a model which can be very effective as long as the agency has sufficient status within government to be able to negotiate with Ministries as required. The Irish agency Pobal is an example of an intermediary agency which both manages and supports local partnerships and represents the perspectives of local partnerships in policy debates.

Pobal

Pobal is the Irish agency which serves as an intermediary body between national government departments and the many local partnerships in Ireland. As an intermediary, it balances top-down managerial requirements with the understanding and skills necessary to support partnership at the local level. Pobal manages the delivery of a number of partnership-based programmes in a range of fields from local development to post-conflict peace and reconciliation, from service improvement to rural development and from the integration of immigrants to social economy and enterprise.

As part of its role, Pobal provides developmental and strategic support to local partnerships. This includes provision of guidelines and models of best practice; capacity building for partners, training on a wide range of local development issues, and constructive review and challenge. In addition, Pobal is responsible to government for the management and monitoring of partnership finance and performance, while on the other hand influencing national policy development, reflecting the grassroots views from local partnerships into the policy process.

For further information see www.pobal.ie

Performance management, monitoring and evaluation

Effective arrangements for performance management, monitoring and evaluation are essential for local partnerships to assess the progress of their local development strategies and adapt their implementation programmes in the light of ongoing experience. The preparation of the ROPs/County Strategies has highlighted the importance of monitoring and evaluation – in Varazdin County it is intended to set up an evaluation committee selected by the Partnership Committee and AZRA. The implementation of effective arrangements has implications for both local partners and national government.

National government (for example through an intermediary agency as suggested above) should establish guidelines for local partnerships on performance management, monitoring and evaluation:

provide support and training for local actors; monitor and manage local performance; and identify and disseminate good practice. Performance management and evaluation arrangements for local strategic partnerships in England are discussed in a learning model at the end of this report.

Local partnerships, with local partners and within national guidelines, should ensure that they have suitable local arrangements and the necessary local capacity, and that performance management, evaluation and learning are central to the partnership's operation with commitment from lead partners. Local performance management arrangements should provide management information on both the progress of the local development strategy, and on the effectiveness of partnership arrangements, and ensure that action plans are drawn up to follow up issues identified. Performance management will depend on robust monitoring and information systems, backed up by objective evaluation. Capacity for these functions may be located within a partner support team, provided by a lead local partner such as the county or municipality, or contracted from external consultants.

Experience across OECD countries confirms that objective evaluation makes an essential contribution to the work of a local development partnership. Evaluation can help both policy makers and practitioners at the local level, and those in national government responsible for the development and management of programmes delivered through local development projects and programmes.

The benefits of evaluation include:

- Accounting for how resources have been used and demonstrating value for money, including the added value from partnership working

- Identifying what works, how and why in delivering local development strategies, thus helping to improve effectiveness

- Involving partners, funders, politicians and citizens, through both participation in evaluation and in discussing the results.

To be effective, evaluation must take place on an ongoing basis, not merely at the end of a project or programme. Thus prior assessment of strategic options should lead to formative evaluation taking place throughout the delivery of programmes, and to summarise evaluation at the end.

International learning models

Devon Strategic Partnership, UK

Description of the approach

Devon is a predominantly rural County in England, and the Devon Strategic Partnership is the local strategic partnership for the area. The Devon Strategic Partnership comprises public, private, voluntary and community sector organisations, all working together to improve the quality of life for those who live, work in and visit Devon. Their focus is on delivering real improvements to the issues that matter most to the people of Devon; working towards a joint aim to be "a County with safe, healthy and inclusive communities, a strong and diverse economy and a cherished environment". The partnership is responsible for the development and delivery of the Sustainable Community Strategy (the county strategy for the area) and for the Local Area Agreement which is an agreement between local agencies and national government to improve public services in Devon.

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The DSP is an established and permanent partnership, with membership from the County Council (politicians and officials), other local public bodies, business, and voluntary and community organisations. As the diagram shows, partnership arrangements have a number of components:

- A Partnership Board with membership of all key partners (meets four times a year). This includes council leaders from the County and Districts.

- A smaller Delivery Board of chief executives and senior officials from key agencies responsible for the delivery of the County Community Strategy (meets monthly)

- A wider conference giving access to a broader group of interests and stakeholders (meets six monthly/annually).

- Themed partnerships for key issues such as services for children, crime and safety, health.

- A 'think-tank', the Devon Futures Group

In addition, as Devon has two tiers of local government, a Strategic Partnership Chairs Group comprises the chairpersons of the second tier District partnerships.

*No delivery responsibilities but provides direction and linkages across the subject areas
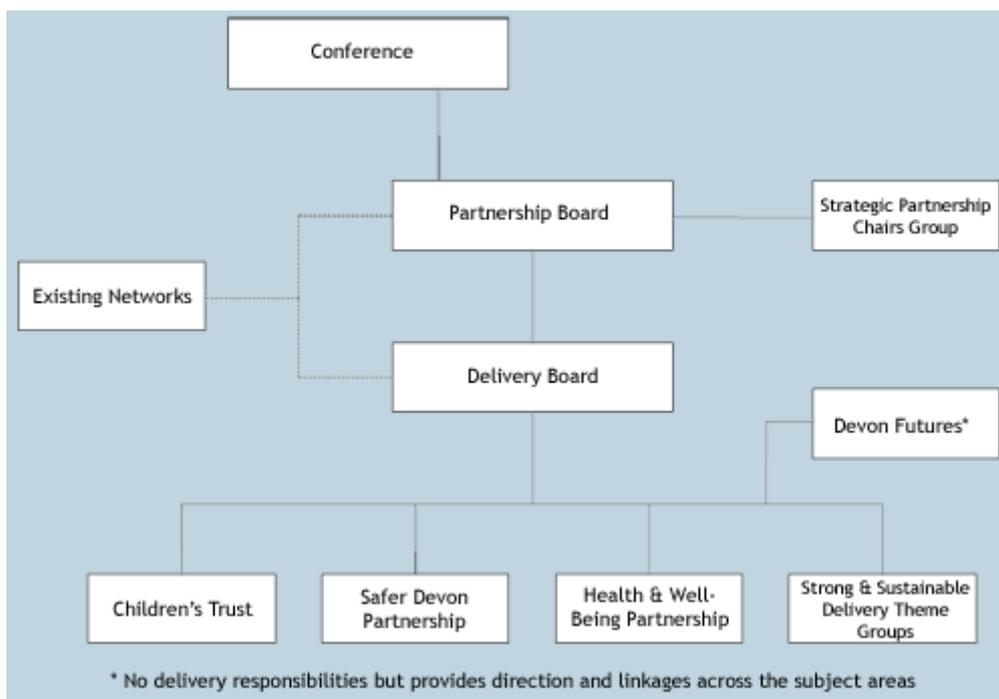
Why the approach is relevant to Croatia?

The Devon Strategic Partnership is a well-established, permanent local strategic partnership. Situated at County level, it nevertheless includes membership from District Council political leaders and from district LSPs. The DSP is responsible for the local development strategy, the Sustainable Community Strategy, which sets out the strategic vision for the county. It provides a vehicle for considering and deciding how to address difficult cross-cutting issues such as the economic future of an area, social exclusion and climate change. Building these issues into the community's vision in an integrated way is at

the heart of creating sustainable development at a local level. The Local Area Agreement is the main way of ensuring that all public services contribute to the delivery of the strategy.

Reasons for the success or failure of the approach

The DSP is an example of the Local Strategic Partnerships which exist across England. National legislation and guidance has been important in providing and supporting the application of the concept. Equally important however have been local factors, including political support, growing collaboration between the County and District Councils, and a non-political approach reflected in the fact that the DSP is chaired by the local bishop.

The DSP has developed a sophisticated structure and working arrangements to ensure it is both inclusive and efficient. The current arrangements result from a review of the previous structure in the context of new responsibilities such as the Local Area Agreement. Regular monthly newsletters and an accessible website help to communicate the work of the partnership as widely as possible.

The obstacles that were faced and the quality of the response taken

Devon is a large and diverse area and it is a challenge to develop a strategic plan which recognises the range of needs and opportunities in the area. A review of the previous Community Strategy is being undertaken to learn lessons as the basis for the new Sustainable Community Strategy which will cover the period from 2008.

In an area with two tiers of local government such as Devon it has not always been easy to maintain effective collaboration but the structures of the partnership have been developed to ensure that District views are represented.

Devon is not one of the areas of England with the worst social deprivation where government financial support is available to help run the local strategic partnership, so local agencies, especially the County Council, have had to provide the support.

Considerations for adoption of this type of approach in Croatia

The Devon Strategic Partnership provides a potential model for partnerships in the more rural areas of Croatia. Other LSPs, such as the Coventry Partnership discussed elsewhere in this report, provide a similar model appropriate to larger urban areas.

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An action learning set on two-tier partnership working, UK

Description of the approach

In two tier local government areas in England, local strategic partnerships have been established at both county and district levels. This has created some uncertainty about the respective roles of county and district based LSPs, their relationships and the arrangements that might be needed to avoid overlap, duplication or competition. As a result, an action learning set was set up, facilitated and supported as part of an action research and evaluation programme sponsored by the Department for Communities and Local Government.

The purpose of the action learning set (ALS) was to learn about existing practice, to understand and clarify the barriers to, and opportunities for, collaborative working, and to consider good practice in relation to two-tier working. Within these broad objectives, the ALS defined its own programme of work, focusing on the issues where members thought their efforts should be concentrated. Thus the agenda – and in particular the actions which might be taken – were set by LSPs themselves rather than being pre-determined by the research team or sponsors. The membership of the ALS was drawn from localities where the county and one district strategic partnership agreed to participate. The ALS met four times over the period of one year and did further work, in their pairs, between meetings. A background paper prepared by the research team helped to stimulate discussion at the first meeting. The programme of work involved sharing views on general issues concerning two-tier working, identifying issues (in pairs of LSPs), developing proposals for action and further developing those locally, sharing experience about progress and developing general lessons.

The action learning set identified the key issues confronting two-tier LSP working as:

- Clarity over the respective roles of LSP at county and district level and the ways in which value is added at each level

- The appropriate geographical scale at which different activities can best be addressed and how LSPs can effectively relate inwards to the locality/neighbourhood and out to the region

- Structures and forms of representation (and cross-representation) for both local government and non-local government partners

- The processes and working arrangements between county and district LSPs (to avoid duplication, minimise bureaucracy and minimise transaction costs).

At the end of its work, the ALS identified a number of conclusions for policy and practice. These included:

- Strong representation of district LSPs (and not necessarily solely local authority representatives) on county LSPs gives greater legitimacy to that LSP to represent and lobby on behalf of county-wide interests

- Agreeing respective strategic priorities for both County and District LSPs removes duplication and focuses on the issues that are most relevant to the level where they are positioned.

- Both county and district LSPs need to identify what can only be delivered at county level and what can add value to district based activity.

- Where there are complementary statutory processes (as in development planning for example), county LSPs should develop systems for aligning strategic/corporate planning and programming with the strategic priorities of district LSPs

- County LSPs have a legitimate interest in identifying small-area priorities (for example, for regeneration, for neighbourhood renewal, for environmental safeguards, or for crime and disorder hot spots). Where they do so, interventions should be planned collaboratively with the relevant district LSP.

- County LSPs should consider what resource support they could offer through partners to district LSPs, and district LSPs should consider what county LSP resources might be needed and how they might best be used.

Why the approach is relevant to Croatia?

A similar action learning set could help to address issues about the relationship between partnership working at county and municipal levels in Croatia.

Reasons for the success or failure of the approach

The conclusions from the action learning set helped in the formulation of government advice to LSPs in two tier areas. However, inevitably, the participants in the ALS were drawn from areas where there was trust between the county and district, and consequently the conclusions presume a willingness to work together. Stronger government guidance may be necessary in areas where collaboration is not taking place.

The obstacles that were faced and the quality of the response taken

The effectiveness of an action learning process depends upon the initial identification of a suitable focus for the work. The task must be relevant and important to the participants and it must be possible to make progress on the issues within the time and resource constraints of the ALS. Considerable effort was thus given at the beginning of the process to identifying this focus through a national workshop.

Considerations for adoption of this type of approach in Croatia

The success of an action learning set depends on a number of factors. These include the quality of the participants and their willingness to undertake work for the set and also the availability of support and facilitation, in this case from the research team. Such support would be necessary in the Croatian context.

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Performance management and evaluation of English Local Strategic Partnerships, UK

Description of the approach

In England there are national guidelines for performance management by local strategic partnerships. These guidelines cover three main areas: strategy development, strategy delivery and performance management and review.

Performance management and review is a process comprising three main elements: Reviewing delivery; reviewing partnership working; and improvement planning. Review of delivery is concerned to assess progress against targets and provide evidence on whether resources are being best deployed in relation to strategic goals, whether projects contribute to strategic objectives, and whether the partnership strategy is effectively influencing partners' plans and spending programmes. Review of partnership working is designed to ensure that the partnership is strategic, inclusive and efficient. Improvement planning follows on from these review processes to identify resource and implement necessary changes to strategy and delivery programmes. The performance management process undertaken by each local strategic partnership is managed by the regional offices of national government.

Many LSPs also commission evaluation studies alongside the performance management process. These may be of local strategy, specific projects, or of partnership working (for example the review of partnership structure discussed in the Devon Strategic Partnership learning model). In addition, national government recognises the need for independent objective evaluation of the progress of LSPs nationally and has commissioned a long term evaluation programme. The first stage of this programme (2002-2005) was primarily a formative evaluation, intended to provide feedback to LSPs and to government itself. The evaluation, undertaken by a consortium of universities and consultancies, included a number of elements – case studies of nine LSPs, two national surveys of all LSPs, and a programme of action research (see the learning model of an action learning set on two tier issues). Topics covered by the evaluation ranged from 'process' issues such as membership, structures and performance management to 'outcome' issues concerned with the progress of LSPs in developing and implementing their strategic plans. The evaluation has produced a wide range of published reports.[7] A further stage of the evaluation, of a more summative nature with a greater concern to quantify outcomes, is now under way.

Why the approach is relevant to Croatia?

The approach is relevant both for local partnerships in Croatia and for government. It is important for local partnerships to assess their own progress within a national framework, complemented by an evaluative overview of progress nationally.

Reasons for the success or failure of the approach

In England the national government has invested substantial resources in performance management and evaluation of LSPs to ensure that it has a strong evidence base on the successes and problems of this important policy initiative. This is backed up by a requirement placed on LSPs to adopt robust performance management arrangements.

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[7]   A 2003 report on "Evaluation of local strategic partnerships. A Report of a survey of all English LSPs" has been co-commissioned by three research units of the Office of the Deputy Prime Minister (LRGRU, NRU and RAE) and the Department for Transport. Downloadable copy at http://www.gos.gov.uk/goee/docs/190905/190912/National_Evaluation_of_LSPs.pdf.

The obstacles that were faced and the quality of the response taken

Initially some LSPs were sceptical of performance management and feared that it was a tool for national government control. Most however have now come to recognise its value in convincing partners and stakeholders of the value of the LSP and ensuring that problems are identified and corrected promptly. Some LSPs are sceptical of the value of evaluation. Involvement of many LSPs in the evaluation, especially in the action learning sets within the action research programme, has been one way to counter this perception.

Considerations for adoption of this type of approach in Croatia

The institution of strong performance management systems and a long term national evaluation programme have significant resource casts and require skills development within government, in local partnerships and within the evaluation community. However without performance management and evaluation neither local partnerships nor government will have adequate information to inform policy and practice.

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Performance management for LSPs:
www.renewal.net/Documents/RNET/Policy%20Guidance/Performancemanagementframework.doc

The national evaluation of English LSPs:
www.communities.gov.uk/index.asp?id=1136876E

SUPPORTING LOCAL PARTNERSHIPS: THE ROLE OF AN INTERMEDIARY BODY

Marion Byrne, POBAL, Ireland

Description of the approach (aims, delivery, budget etc)

Pobal is an intermediary body established by the Irish Government and the EU in 1992. It is not established under legislation but is subject to Irish Company law with respect to freedom of information ethics etc. and is also audited by the Controller and Auditor General. The Irish Government appoints the Board and chair. Its purpose is the management of programmes which promote social inclusion, reconciliation and equality through integrated economic and social development within communities.

In the current year, Pobal manages 17 Programmes for 7 Government Departments. Funding is both national and EU. Programmes address themes related to local development, childcare, peace building, community transport, social enterprise, the labour market, rural development, integration of immigrants, access to education and service integration and co-ordination. This case study focuses primarily on Pobal's role vis a vis partnership companies. Partnerships in Ireland implement local development strategic plans for their areas that tackle social and economic exclusion. They have widespread participation in their structures and activities from the political, social partner, state and community and voluntary sectors.

Pobal works with over 4000 community and voluntary organisations across all the programmes managed. It carries out its functions on behalf of the relevant Government Departments within the context of framework and service level agreements. In 2007, the funds managed will amount to Euro 350 m.

The functions of the organisation are as follows:

- The provision of developmental and strategic supports. These range from capacity building and training measures to expert inputs on thematic areas aimed at advancing the contribution to national policy goals.

- The appraisal of applications for funding and the allocation of resources.

- Monitoring performance and finance and carrying out audits and verifications of expenditure.

- Formal reporting on programmes and information provision.

- Supporting the analysis of, and research on, the impact of programmes.

- Influencing public policy based on the learning the lessons arising through implementation at local and county level.

Why the approach is relevant to Croatia?

The position of Pobal as an intermediary, located as it is between government and the local partnership / or other implementing community based structures has a number of features which could be

of interest to Croatia. In the Irish context, it has been the subject of external evaluation confirming the approach as an important mechanism for managing the implementation of policy objectives on behalf of Government. It has also been recognised as providing necessary technical support to develop and assist the organisations that deliver and mobilise the participation of a wide range of stakeholders in tackling difficult issues at local level.

There are a number of functions an intermediary is optimally placed to deliver on. A brief summary of some of these are set out below:

- Its position to act as a co-ordinator of the partnership work and to maintain information flows horizontally and vertically with all stakeholders is important.

- An intermediary has an overview across all partnerships which facilitates the extraction of learning arising from local practice and the evaluation and analysis of the outputs and impacts. Facilitating networking is an important tool utilised in this regard.

- Interacting in the course of its work across vertical and horizontal sets of relationships, the intermediary is in a position to inform policy development based on a sound knowledge of what works or what is innovative across a very wide range of beneficiary organisations. Good communication links to Government Departments, beneficiary organisations and other relevant networks has been central to the capacity to influence the evolving policy making process. The secondment of staff to Pobal from Departments has assisted further in strengthening linkage to the centre.

- A key task to be carried out is in strengthening local partnerships. Pobal has been able to provide objective, professional and wide-ranging supports to meet changing development needs of local organisations. An ability to translate 'top down requirements' with methodologies and understanding as to how this can be supported to happen 'on the ground' has been important. The capacity to respond constructively, and if necessary authoritatively, is also pertinent in some situations.

- The provision of leadership and direction through an intermediary can be helpful to the local / county level. In this regard the parameters of national programmes and their funding requirements need to be understood while maintaining and valuing local input and decision-making. Leadership roles can be of assistance particularly in times of change and at the early stages of organisational/ programme development.

- Pobal works in a transparent and accountable manner and is responsible for ensuring organisations funded reach the highest standards of governance with respect to same. Training is provided to ensure standards are adhered to and steps taken if issues arise.

- A further role played is in assisting in the development and monitoring of framework and other agreements with Government Departments and agencies to support the co-ordination of the work with mainstream provision. The neutrality of an intermediary can be useful in mediating solutions to assist all stakeholder deliver optimally on their objectives.

- Finally and importantly, an intermediary can play a key role in leading the vision for a programme and in supporting the ethos and principles of partnership working.

Reasons for the success of the approach

Reasons for the success of the model are its contribution to government and governance. The model has demonstrated an ability to respond quickly and flexibly to new national priorities and to manage and support programmes and communities in a transparent and accountable manner. It is also cost effective and provides information and analysis on the outcomes of the national investment in relevant areas. As an intermediary, Pobal is uniquely placed also to support the implementation of cross-sectoral and cross-departmental collaborative approaches and to inform policy arising from that experience. There is widespread recognition that many difficult issues in communities require holistic, multifaceted responses. An intermediary organisation is an important 'non- interested space', to assist partners at all levels to advance co-ordinated services and integrated approaches to these issues.

The obstacles that were faced and the quality of the response taken

There can be tensions between priorities and requirements of the centre and the local level. An intermediary organisation has to be attentive to balancing carefully, what can be conflicting expectations and demands, and to manage communications, and change processes skilfully while ensuring progress and delivery on overall programme goals.

A difficulty that arises is that as an intermediary organisation is entrusted to make a range of operational decisions that at any given time may not be popular with some groups. It is most important that it operates in a transparent manner under clear, publicly available criteria and on the basis of understood principles. Over time this can lead to a general confidence that even if particular decisions made are not agreed with, these are subject to review and there is an independent and fair process and procedures in operation.

Considerations for adoption of this type of approach in Croatia

An emphasis on the themes of subsidiarity, partnership, and enhanced governance underpin many national and EU policy priorities. However, the operationalising of these concepts can be a challenging task. Bringing delivery, coherence, public accountability and assistance to the enterprise requires besides other aspects, enabling supports and structures across a range of spheres. One mechanism that contributes actively to achieve this is the model of the intermediary presented. It is also a partnership model that has been acknowledged from different perspectives as useful. Fundamentally, it enables other players to benefit. What is an important consideration though is the acceptance that the concepts of partnership, participative governance, local capacity building etc. will not be achieved without some commitment of resources both at the partnership level and at the level of a co-ordinating or management/ support structure. The Pobal model aims to encompass all the functional aspects described above but it may, in different contexts, be appropriate and effective to separate out different elements. Nevertheless, both through the local/ county partnerships and through Pobal's role on behalf of Government Departments and the EU, the Irish experience is that the investment provides significant benefits and value for money.

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THE PARTNERSHIP STRUCTURE: ORGANISATIONAL CHALLENGES

Maria Rauch, City of Munich

Introduction

The local development approach creates an increase in the availability of social capital which can be used to support a participative form of development that integrates the economic, social and environmental dimensions. A higher level of social capital means that more local actors can be more effectively involved in social problem-solving. This capacity can be seen as a condition for the construction and integration of resources in a local development strategy based on partnership.[8]

The main factors underpinning success in building the strategy include:

- A partnership approach that corresponds to a clear need of the participating organisations for a catalyst for collective action.

- The right partners with legitimacy and representation in the region (in all territories involved), sharing a win-win strategy accepted by all and whose composition is in harmony with the basic orientation of the partnership – strategic planning or policy delivery, as the case may be.

- The ability to create a common vision for the territory, its problems and its resources based on the perceptions, objectives, experience and knowledge of a wide range of actors. This vision should be the reference framework for identifying and incorporating local resources. A shared vision with a firm common determination to develop the conditions for growing confidence among the partners. This is a critical factor for the success of partnership work.

- Broad involvement of the actors in developing new institutional and social capital by discovering new techniques for communicating with each other, working together and generating common understanding.

- A clear framework of responsibilities and roles for each partner in the partnership as a mechanism to stimulate the development of a sense of "ownership".

- Light, flexible structures to make the partnership operational and ensure sound management.

- Clear leadership to secure a democratic and equitable framework for the partnership, meaning respect for each partner, treated as an equal irrespective of size or source of power.

- A learning culture within the partnership based on exchange of knowledge and experience, shared developments among the partners and openness to the outside world to maintain the inclusiveness of the partnership.

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[8]   OECD LEED Forum on Partnerships and Local Governance (2006): Successful Partnerships – a Guide.

- A balance between deliverability and innovation in the activities of the partnership and a balance between existing project ideas and new ideas. Favouring the first factor favours efficiency and promotes the 'quick wins' which build confidence in the partnership.

- In a territory with different levels of governance, a partnership structure that reflects these different levels in order to ensure vertical communication and interaction.

Partnerships can be funded in many different ways. In most cases the mechanisms are public and can be "distributed" to the partnerships using different techniques or models. In some cases the partnerships have an annual budget allocation to finance the programme of work that is submitted to the funding authorities, normally the national or regional authorities or an intermediary body that manages the resources and allocates them to partnerships on behalf of the national or regional authorities.

Less frequently, the partnership funding is totally or partly private, either provided by the partners themselves or by sponsors (companies, foundations, etc.). In all cases the budget covers the costs of keeping the partnership structure running while the operational project activities are covered by various funding sources drawn directly from existing programmes (EU, World Bank or other funding sources).

Strengths and Weaknesses

The partnerships in Croatia were mainly initiated through Technical Assistance (TA) projects in the context of CARDS, one of the Europe Aid Funds available in the European Union. Their design and development were based on the TA provided by international companies and experts to the Croatian Government on the basis of regional pilot projects. The consequence was intermittent development, depending on whether the TA projects concerned were implemented or not. This situation does not provide the long run development and consolidation period that the partnership process needs. Moreover, continuity is uncertain since the sequence of projects, even when they exist, can be implemented by different companies whereas the models devised up to this point are not yet consolidated.

There are essentially two different types of formalised local partnerships in Croatia: one type includes County partnerships to develop a Regional Operational Plan (ROP). This can be found in both counties of Vukovar-Sirmium and Varazdin. The other type a partnership has been piloted as Local Partnership for Employment in some counties with the aim of finding solutions for employment and social exclusion problems. The county of Vukovar-Sirmium has been one of the eight counties were this approach has been piloted.

There are a number of strengths that characterise the situation and should be built into future initiatives to enhance local governance and development.

In both Regions the actors are in broad agreement as to the main priorities: Efforts are focused on the stimulation of economic growth by restructuring existing or creating new companies and attracting investment and reducing unemployment by better matching supply and demand and by raising the qualifications of the less-skilled labour force.

There is also general recognition of the need for effective cooperation in using resources and in problem solving. This recognition takes material form in several project partnerships in which most of the actors are already willing to cooperate and recognise the advantage of cooperation over competition as regards concrete objectives and actions.

It seems that a multiplicity of resources is available either from national programmes but also from county and city level authorities. In addition, some European Funds are already available and their number

will increase substantially in the near future following accession to the EU. In Croatia, the nature of financial sources is particularly important since the accession to the EU opens many possibilities for funding partnerships. The sine qua non is that they be clearly integrated in the within the relevant policy measures and that their implementation is in conformity with the programming documents negotiated with the Commission. The partnerships have no own-budget and need adequate resources. The main funding mechanism is based on the Regional Operations Plan that will identify the projects that can draw on financial resources allocated within the national framework. Other sources of finance arise in connection with projects funded under national or European Programmes in which Croatia can participate, such as the Leonardo da Vinci Programme. However, inasmuch as the partnership mechanism is still not working very effectively, these opportunities are in the main neglected. This aspect is especially important in the context of the forthcoming accession of Croatia to EU Membership, since the Programming documents must be structured so as to indent for the programmes needed to cover maintenance and support of the Partnership's activity. Some pilot programmes and/or projects cannot be sustained over time because of an incompatible legal framework. Care must constantly be taken to ensure that all legal requirements are met, and to update where necessary.

These strengths are, however, accompanied by a number of weaknesses that need to be addressed in joint efforts to improve the functioning of partnerships and their contribution to local development initiatives.

Both partnership types, the County Partnerships and the Local Partnership for Employment, seem to have a minimalist structure that corresponds to the early stage of their development, namely a Board and working groups. In the case of the County Partnership, the Board meets, but the working groups lack purpose for the time being since the work plan should be based on the ROP, which enjoys neither recognition nor support by the national authorities.

In general it seems that the partners involved in the partnership are not all equally committed to the proposed development work. As regards the Regional Council, it seems that there was clear leadership while the project lasted but its completion ushered in a void not easily addressed. A sense of "ownership" is not very strongly imbued in the partners, many of whom passively await the launch of the follow-on project. The roles of the partners are not clearly established and the majority of the partners have yet to develop a sense of ownership. It is also important to organise the partnerships formally and to create "Regulations" as well as a monitoring and evaluation system to help get the necessary feedback for improvement, but the partnerships in Croatia have no legal status and have not yet been formally organised.

The partnerships created to date have still not instilled a sense of ownership in their members and the leadership picture is blurred. In both regions the partnership structure is "ad-hoc" and based on project co-operation; it is not part of an overall strategy owned by the members. Communication is not very effective, either horizontally (information exchanges between the partners), or vertically between the levels of governance involved (national - sub-regional - local). Action to enhance empowerment is very necessary.

The legitimacy of partnership representatives also seems to be a problem in light of an unstable political context. Political stability seems firmer in Varazdin city where the development process seems sustainable. However, there seem to be political polarisation in Varazdin, with strong leadership of the parties involved, whence the absence of a common overall strategy owned by all the actors, including county and city. Their activities follow a parallel track, with little cooperation between them. There is a definition of a border of sorts, with the city putting its main emphasis on partnership members in urban-oriented projects whereas the county seeks to address the county as a whole with an approach that lays more stress on rural areas. The dynamics in Varazdin are powerful: initiative, commitment and major potential for innovation despite polarisation. The two development agencies try to correct asymmetries of

development in their respective areas of endeavour, but there is no contact between them and therefore no co-operation. There appear to be several areas of overlap due to the lack of communication.

Good Practice in Vukovar-Sirmium and Varazdin

County Partnership of Varazdin

A Good participative process - The partnership was built up to flesh out the ROP as part of the CARDS project. The approach followed a bottom-up approach with consultation of over 120 actors representing the public sector, civil society and entrepreneurs. Meetings were held for discussion and incorporation of suggestions. The strategy also took account of the broader geographic context. Several contacts were made with neighbouring countries to ensure a wider territorial strategic approach, and consultation and discussions about common problems were held with Hungarian and Slovenian regions.

Common Goals – Economic development of the region and reduction of unemployment are common goals. The lack of communication between the two agencies leading the partnership process at city and county levels involves loss of synergy. Improvement is clearly needed.

Sustainability – The partnership still meets every 6 months (60 to 90 members present). Sustainability is possible, through the technical assistance provided by the County Agency which is still the core of the partnership and supports its functioning. For example, preparation of the meetings is based on questionnaires asking for topics to put on the agenda, and between meetings an Agency official visits the different partners regularly to maintain the impetus. Training schemes such as the PCM and consultancies for preparation of projects are another important dimension of this support. A request for ideas for projects is circulated in each 6-month period to build up a portfolio that can be translated into a proposal as soon as it is called for. Several projects have been developed in partnership.

Lobbying structures for the region – An office in Brussels and national level contacts were developed with several organisations such as Croatian Chamber of Crafts, the American Chamber of Commerce, the Nordic chamber and certain Ministries (Regional Development and Economy).

E-Vukovar

E-Vukovar is a joint initiative of Vukovar with funding from USAID- Croatia and private businesses to expand Information, Communications and Technology applications to improve government services, business productivity and access to education and training. The project has secured broad participation and generated a strong sense of commitment: all the organisations concerned continue to support it.. A group of 10 key players is directly involved: the Self-government, the College, the schools, NGOs, the Chambers, the city and the local private sector as well as some partners external to the city such as USAID, Microsoft, FINA (a financial services company) and several banks, to mention only these. +The potential of the infrastructure installed and the level of competence are very high and they can play a very important role in consolidating the partnership. Using these facilities as communications channels and as a platform for further development in this field makes good sense. The project may be viewed as an example of good practice in terms of common engagement (creation of a common objective to build up the partnership's sense of ownership) as the partnership grows and develops its identity and dynamism.

Recommendations

Croatia has a centralised Governmental structure that makes the enabling role of the central administration fundamental for devising and implementing the local strategies and action plans downstream. Accordingly, to analyse the local Partnership approaches and structures it is necessary also to analyse the enabling mechanisms at central level without which action at the local level cannot succeed. It

is important to develop and continuously strengthen the enabling factors and conditions for area-based partnerships to work effectively.

The main thrust at central level should be:

To create fluid and effective links between the strategies at national and local level, so that the national strategy can be used by the local governance level as a framework. In particular, the National Strategy should be the anchor of the ROPs. The associated programmes confer legal status on the local strategy and at the same time govern the possibility of financing the implementation of an ROP.

To establish a functional and accessible information system, with data at different levels of detail so that the local actors can find the necessary basic information for human resource planning in each County, enabling the strategies to focus not only on the present but also on future development.

To introduce and expand flexibility in human resources planning exercises taking account of the specificities of territories. Curricula should leave room for adaptation to enable the partnerships to influence the match of supply and demand at local level. Programming documents should be created in consultation with the European Commission (Operational Programmes). These should provide for flexible mechanisms to secure the funding of the structural costs of the partnerships at least during the consolidation period and also create measures authorising partnerships to apply for multi-annual action plans covering several projects.

In addition, there are a number of recommendations that mainly address sub-regional levels.

Integrating the two partnerships into a single model of partnership with two levels of governance. This structure will guarantee communications via an interaction between the levels (one learning model will serve as an example). This way, the County Partnership could be the umbrella strategic Partnership to which the other, more operational partnerships (by sector, area of, intervention, target groups, etc) are related. It is important to build up a common model by bringing the two partnerships into a common framework, to ensure that the county and the city come to understand that partnership does not imply permanent agreement but a common minimum with a regional identity to procure a joint advantage that leaves each partner free to construct its own model. This could be improved, for instance in Varazdin, by co-operation between the two agencies in some major initiatives that could foster the creation of a common identity.

Establish a management and co-ordination unit. Such a unit must be professional and provide all the logistical and content support needed by the partnership since the members' participation is in addition to their normal activities (Technical Secretariat, Technical Assistance Unit, etc). An experienced Technical Assistance is required, on the one hand as mentoring to assist the building-up of the partnerships (to help to develop interactions and to link the different initiatives within an overall strategic action) and on the other hand to promote capacity building and improve the skills of the actors by training and the installation of the requisite equipment..

Establish thematic working groups. These groups must be activated and kept active. This is an important element in the creation of a group dynamic, and positive results will feed back into the partnership with a "crescendo" of trust, self-identification and commitment. The County partnership should put more effort into the development of thematic working groups meeting more regularly and in which the key role of specific actors is clarified. One very necessary area is employment and vocational training, since there is still a shortage of skilled manpower along with unemployment problems that call for a solution. The opportunity should be taken to reinforce the role of the Employment Centre and to enhance

the sense of ownership. The same strategy could also be used with other actors to raise their sense of ownership.

Creation of learning opportunities for partnership members. To work in partnership is not easy and there is a considerable potential for conflict when a partner is not aware of the principles governing the activities of other partners.

International Models

Local Partnerships in Romania

Description of the approach

This model[9] comprises a formal Pact at Regional Level, an Employment and Social Inclusion partnership at county level and several project partnerships at local level. It constitutes the employment governance model, building up participative processes of policy making and policy delivery while making optimum use of the financial instruments available, such as structural funds.

Employment agreements are, in this context, a form of social agreement aiming to promote employment through the mobilisation of all available resources for a joint strategy to create jobs and help to better coordinate and integrate employment policies. This involves efforts by the partners to identify difficulties, concerns and expectations of the players in the area of employment.

The structure and functionalities are presented in the diagram and described in the following paragraphs. It is important to stress that the relationships shown in the diagram are never hierarchical.

A) Regional Level (Regional Pact)

At Regional level, there should be a structure with a vision for the development of the human resources of the region and the ability to **insert this vision into strategic guidelines and priorities within the national framework** as set forth in the Regional Employment Plan. This Plan is the instrument for action.

For this reason, it is paramount that the structure takes the form of a policy committee that includes all the relevant stakeholders, in each case represented at high level for it is a decision making and regulatory body that translates the necessary legally recognised status of the Pact.

The Pact must be supported by a **technical permanent secretariat (TPS)** to facilitate the partnership's work and implement the relationships with the other levels (regional and local) in order to stimulate the development of projects and suitable forms of cooperation at the local level.

The President of the Regional Pact shall be elected among the members.

B) County Level employment and social inclusion partnerships

This level has an important role including definition of strategy at County level as a contribution to the Regional Action Plan but also an operational role of guidance and stimulation at the local level.

This partnership is of particular importance in the structure since:

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[9]   Maria João Filgueiras- Rauch – Report of the Phare project "Support to Ministry of labour, Social solidarity and Family to design and implement employment policy" - 2006

- It translates the strategies from other levels into the County level (translation of the guidelines and priorities set at Regional level to be used as framework for the County).

- It analyses the problems and opportunities of the County and identifies the corresponding actions taking account of inputs from the local level.

To perform its responsibilities and tasks this structure needs:

1. To be organised as a **plenary body with several working groups specialised in the** problem areas given priority in the Regional Plan, and

2. To have the support of a **technical permanent secretariat (TPS)** which will facilitate the partnerships' work and their relationships with the other levels (regional and local), and stimulate the development of projects and of suitable forms of cooperation at the local level.

To do this, the TPS will identify and support local structures (Local Agenda 21 in municipalities, Project departments in universities, umbrella NGOs, etc) who will expand the possibilities open to the local actors. This will in turn help to disseminate awareness of the partnership approach more widely, maximising the group empowerment effect through the ESF project framework.

C) Local Level (project partnerships)

The local level is the level at which most projects will be undertaken. This is also the level at which operational partnerships have to emerge to generate synergies, but more especially to improve the capacity of the actors to design and develop more complex projects under the ESF within the framework of the REAP.
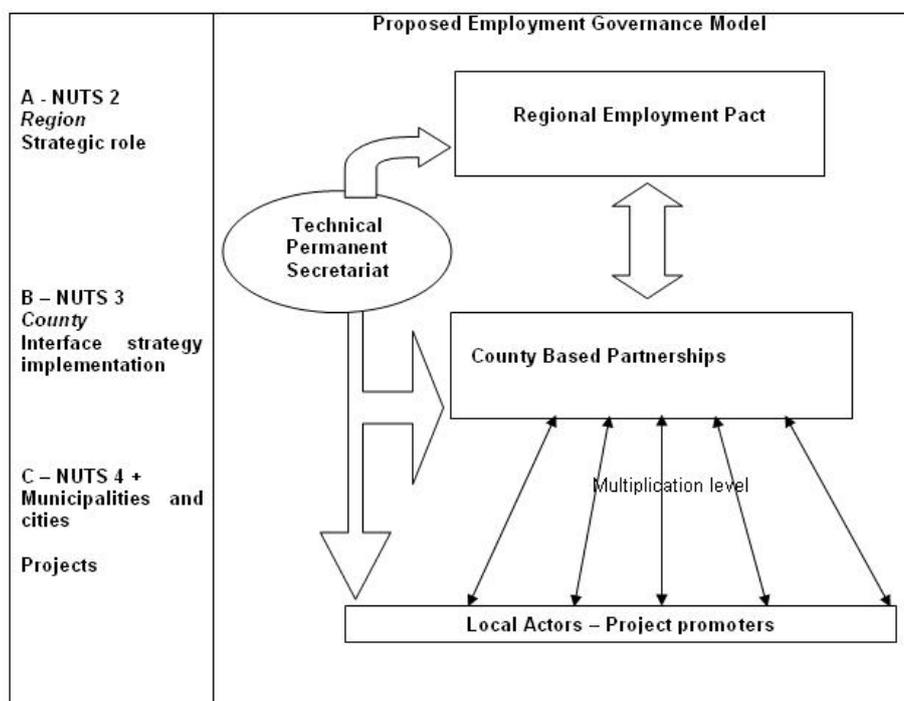
D) Technical Permanent Secretariat

Management Unit – This unit has a manager responsible for all financial and functional operations of the TAG. Its role in the Pact is to perform the duties of a Secretariat and it may, if requested by the members, act as moderator of sessions. Administrative and Financial staff provide logistical services for the Pact such as preparation of the sessions (invitations, choice of locations, catering facilities, etc), draft the minutes of meetings and are responsible for their contents.

Technical Staff (facilitators) are required to support the content work and are responsible for the full support of the development and consolidation of the partnerships, at County level or at project level – local project partnerships – as the case may be.

Expected qualifications:

1. Familiarity with the labour market and the social situation in the region as well as the actors of the counties and their ability to conceive and develop projects.

2. Very good communication skills.

3. Ability to anticipate potential problems and difficulties and take preventive action.

4. Good knowledge of English (necessary spoken and preferably also written).

5. Solid experience in the provision of technical assistance and the accompaniment of projects with a view to the empowerment of the actors.

Reasons for success or failure

To be able to accomplish its objectives the Pact must integrate the different levels of governance, make synergetic use of all the endogenous resources available and multiply the partnerships' capacity to design projects and act as real instruments of development and allocation of financial resources. This calls for the Pacts to involve as many partners with responsibilities in the field of employment as possible, including related public authorities, employers' associations and trade unions and other social and economic players such as third sector organisations.

Problems and needs are often met at local level. To ensure that they are addressed within the regional strategy, a bottom-up mechanism must be put in place to analyse the problems and work out proposals for action at county level drawing on inputs from the local level. Experience with several European partnerships shows that this combination of top-down and bottom-up approaches is an important factor in the success of the partnership model. It is important to stress here that Romania is a country with a central decision policy level (NUT1), almost no Regional structures (they are being built up to meet the requirements for EU accession), a wide range of institutional policy delivery and coordination capacity installed at county level (NUT 3) and administrative operational capacity at municipal level (NUT 4 or less). The partnership model had to build up the strategic decision-making capacity at regional level while simultaneously integrating the extensive delivery capacity existing at county level. This process is a long one and requires patience since the competition between counties and the lack of a common identity as a region creates a wide range of agendas and interests which need to be managed. It is extremely important to keep up the pace and to "reinvent" the necessary common interests at virtually a moment's notice. In Romania, the strongest common interest is the need to make the most exhaustive possible use of the available structural funds. This motivates the different organisations to come together regularly for the necessary preparations and to build up the project pipelines. In building up partnerships, the importance of the existence of resources for common action is evident. Only in this way it is possible to reinforce the common identity.

Another important issue to be resolved was the leadership of the Pact, given the member organisations' divergent interests. To secure acceptance by the partners, the leadership was made subject to election by the Partnership. At the same time a general regulation for the Pact and for the County partnerships was worked out, establishing this and other useful rules for the functioning of the partnerships.

This STP will be financed through the ESF for the next programming period. However, there have been some difficulties in creating the new structures. On the one hand, the national legislative framework is not adapted to support the new types of structures and on the other hand, the EU regulations impose several limitations and procedures on the conduct of activities financed by ESF resources. At time of writing, the difficulties had been almost overcome, but the negotiations took several months; such delays are a risk for the early years of existence of partnerships.

Another consequence of failure to set up a TPS is the absence of a budget allocation. This budget was planned to be around 0.5 million Euros over the first 3 years. The final decision will be depend on the outcome of the Tender Procedure now being launched.

Relevance of the approach to Croatia

Croatia's administrative structure is very similar to Romania's - centralised decision-taking authority, most implementation located at county level, and virtually no regional governance. This creates a problem of identity even when Regions are created by law. It takes a long time for the actors to develop a true sense of legitimacy and identity. Another important similarity is the need to transmute mental attitudes from an individual, competition-oriented approach to a participative and collaborative one. The diversity of the characteristics of the 8 regions raises another issue - the adaptation of the model to take account of the specificities of each Region. This model has so far displayed the requisite flexibility.

The Romanian Model was designed to overcome these problems and it has reached a degree of survival capability that bodes well for its sustainability. It can accordingly play a useful mentoring role in supporting Croatia's further development of its own model.

This Model also works on the basis of the integration of different partnerships under a policy making partnership umbrella – the Pact. This could be the most appropriate way to implement the recommendation that one model integrating different levels of governance should be established. The difficulties that were experienced with the implementation of the TPS provide a useful lesson for Croatia when it applies for ESF resources to support the costs of the Partnerships. The Public Procurement procedure was used in Romania because of the decision to create an NGO (or to use one existing already) for the TPS. However, other options should be looked into, for example, creation of a public organisation with a coordination function at central level, with executive branches in each region designated in the Pacts.

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LEARNING TO DELIVER: HOW TO MAKE LOCAL PARTNERSHIPS MORE EFFECTIVE

David Galliers, Learning to Deliver Programme and Coventry Partnership, United Kingdom

Description of the approach (aims, delivery, budget etc)

"Learning to Deliver" is a regional support programme for Local Strategic Partnerships in the West Midlands region of UK. Its aims and objectives are:

- Through a collaborative and shared approach, to deliver a programme of practical support and activities that will help the 38 Local Strategic Partnerships improve their delivery of their plans and strategies.

- Map the current position of LSPs in the West Midlands in delivering key outcomes and test the impact of current support against delivery of these outcomes.

- Provide a framework through which the West Midlands Region can identify the strengths and weaknesses of LSPs in the region and rapidly provide support in a coordinated and efficient manner.

The programme is based upon the view that partnership practitioners are best able to improve the delivery of their partnerships when they work together to identify good practice and to solve common problems. Each partnership was asked to identify

1. one or two representatives who would:

   - Be responsible for the delivery of an Improvement Project designed to improve the working of the partnership

   - Attend an Action Learning Set[10] in order to share their progress with others and to work with others to solve problems and overcome barriers.

2. A Project Champion, who is a senior member of the partnership and whose role would be to provide strategic support to the project, identify major barriers to delivery, to overcome them and to report on progress to the partnership.

In return, each partnership would receive a grant for the year to help deliver the project along with other forms of support (see below).

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[10]   An Action Learning Set is a process in which a group of people come together more or less regularly to help each other to learn from their experience. Action Learning was developed in the 1940s by Reg Bevans when he set up management development programmes for the National Coal Board. A short description of the approach is included in the chapter by Mike Geddes in this discussion paper.

Metropolitan and Unitary partnerships (single tier) receive GBP 19 600 (EUR 29 066) each, and County and District partnerships (Two tier) receive GBP 6 300 (EUR 9 345) each.

A condition of grant was placed on two tier partnerships that the **majority** of district partnerships in a county must submit projects which they have shared with other partnerships in their locality. If less than a majority submit projects then all the funding for the county and districts in that locality will be withdrawn and shared amongst other partnerships in the region. In the first year of the programme **all** two tier partnerships in the region participated.

Self Assessment

The programme also insisted that each Improvement Project should be based upon either a joint Government/Partnership review of delivery – in the case of those partnerships delivering a Local Area Agreement[11] or a self assessment for those district partnerships that were not delivering a Local Area Agreement. A self assessment tool was developed in the region which partnerships were encouraged to use and which was designed to enable each partnership to test themselves against a set of agreed competency statements. The Improvement Project was designed to improve one or two key improvements which were judged to be vital to more effective service delivery.

Additional Support and Knowledge

In order to ensure that partnerships and their participants have adequate support to deliver their projects and are able to prepare themselves for future emerging issues, additional support was provided.

A team of advisers was recruited to provide this additional support to the programme. They were selected with a competitive tender. Some had been accredited by central government as "Neighbourhood Renewal Advisers" i.e. people who were experienced in partnership and regeneration work. Each of the team has a specific area of activity (*e.g.* health, crime, housing, economic regeneration) which allows the programme manager to deploy specific skills where they are most needed.

The following is being offered:

1 to 1 Support

Each partnership is offered the equivalent of 1 day's individual support to help them deliver their Improvement Project. Counties and Districts (2 tier areas) were encouraged to join together to receive this support and to pool their "support days". This helps to maximise the time available and also encourages good communication and joint working.

"How to" Workshops

A series of workshops are also being offered using the external advisers but involving practitioners to demonstrate local good practice. The workshops are geared to the topics being addressed through the Improvement Projects *e.g.* performance management, governance and accountability, involving the voluntary sector, economic development, leadership of partnerships etc.

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[11]   A Local Area Agreement is an initiative developed by the UK government through which Local Strategic Partnerships develop a delivery plan (i.e. outcomes, performance indicators, targets and responsible officers) through which their strategic plan is driven. Some of the outcomes and indicators are negotiated with government based on national priorities and others are included to address particular local priorities.

E-Briefings

All participants, Project Champions and other members of the partnerships receive a regular bulletin about the development of the programme and a series of policy & practice e-briefings related to partnership work, new policy developments and useful case studies.

Governance and Accountability

The programme is accountable to a Regional Improvement Partnership which acts as an intermediary body standing between central government and local partnerships and is designed to support the improvement and efficiency of Local Authorities and Local Strategic Partnerships using funding devolved from central government. Membership of the Regional Improvement Partnership includes:

- Chief Executives of Single and Two Tier Authorities

- National support agencies

- The Local Government Association (the membership association for Local Governments)

- Regional Government

This body is currently being restructured to prepare for further devolution of funds from central government departments.

The programme is delivered by a programme manager who is accountable to a Steering Group consisting of regional support agencies, regional government and partnership practitioners drawn from the region.

Budget

The core Learning to Deliver budget for 2007-8 is GBP 540 000 or approx. EUR 800 000 to support 38 partnerships. In addition, the Regional Economic Development Agency has contributed an additional GBP 70 000 or EUR 104 000 to deliver support on economic development issues.

Other delivery agencies are also beginning to contribute in-kind support realising that a co-ordinated approach to capacity building is both more easily accessed by partnerships and more efficient that working in isolation.

Evaluation

All programme participants are asked to complete an on-line survey which aims to baseline the knowledge and understanding of participants, the perceived capacity of the partnerships and the amount of regional support received by the partnerships. This will repeated at the end of the programme to see if there has been any improvement. Telephone interviews will also be conducted to gather qualitative data and a final evaluation report with recommendations for improvement will be produced at the end of the year.

Why the approach is relevant to Croatia?

The benefits of this approach for Croatia are:

- It is based on each partnership assessing its strengths and weaknesses in a consistent manner which allows national and regional support agencies to easily identify needs and develop strategic support plans;

- The approach is very much practitioner led which reflects the "grass root" development of partnerships in Croatia;

- A regional approach offers a cost effective way of providing support and offers the potential to join-up the often separate priorities of central government departments;

- The Action Learning approach allows each partnership to learn from others and thereby avoids each one "reinventing the wheel";

- If government is involved in a joint assessment of partnerships it enables government officials to develop their own understanding of partnership work; and,

- The approach can be used across single and two tier localities.

Reasons for the success of the approach

The programme is showing signs of success because:

- It provides a co-ordinated "offer" to partnerships;

- It assures regional and central government that their resources are targeted effectively;

- It is managed by a group on which practitioners and regional government are represented;

- It is supported by both regional and central government through clear policies of devolution of funding, decision-making and responsibility for improvement of service delivery; and,

- It is flexible enough to add services and offers as needs are changing.

The obstacles that were faced and the quality of the response taken

Obstacle: Poor communication between project deliverers and partnership Boards

Response: Identification of Project Champions to ensure links were made

Obstacle: Variety of support agencies currently delivering programmes of capacity building within the region.

Response: Delivery of regional seminars for agencies to help them become involved in the programme and to learn about the range of programmes currently on offer

Obstacle: Lack of access of regional support agencies to partnerships and their key contacts

Response: Establishment of database of key contacts and regular news bulletin sent via e-mail.

Obstacle: Difficulty in arranging meetings across a large geographic area.

Response: Use of new technology to encourage conference calls (*e.g.* www.powwownow.co.uk) and on-line discussions (*e.g.* www.basecamphq.com)

Considerations for adoption of this type of approach in Croatia

- Gain the support of both partnerships and government;

- Develop the self assessment tool together;

- Provide financial support to assist the process;

- Be clear that the focus of the programme is collaborative learning;

- Structure the regional partnership to ensure good representation of partnerships;

- Build in strong evaluation systems at the beginning of the programme;

- Ensure effective marketing of the programme's success to build support and ownership; and,

- Use external facilitators initially to ensure there is no conflict of interest between partnerships or between regional agencies and that there are neutral arbiters at hand to help resolve tensions and problems.

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DEVELOPING A COMMISSIONING APPROACH TO PARTNERSHIP WORK

David Galliers, Coventry Partnership, United Kingdom

Description of the approach (aims, delivery, budget etc)

The Local Strategic Partnership of Coventry developed this approach to increase the funding opportunities for their work. The aim of this work was to:

- Provide a more sustainable approach to partnership work

- Produce greater impact from the work

- Involve and engage more partners in the work of the Strategic Partnership

An initial budget of GBP 5 Million (EUR 7.4 Million) per annum for 3 years was available as a one off amount to support the improvement in services within deprived communities within Coventry, West Midlands region of the UK.

Why this approach? Coventry's Local Strategic Partnership was charged with the role of allocating this funding. Previously, funding had been allocated by the Partnership using a bidding process. This resulted in:

- A large number of small projects with little measurable impact;

- Activities with little relationship to the city's strategic plan and priorities;

- Unsustainable activities receiving funding for another short period;

- An unhealthy "beauty contest" between poor communities vying for money; and,

- An exclusive process whereby a small number of people spent long periods of time selecting projects which they had little knowledge of and no contact with.

The "Commissioning" Approach

The Workshop: a workshop was held with the Partnership's Strategic Board which consisted of representatives from public, private, voluntary and community organisations.

Officers of the Partnership provided participants with statistical information drawn from government sources along with the results of a survey of residents' views that indicated which issues were the most important to tackle (*e.g.* unemployment, crime, health etc). The issues were drawn from those in the city's strategic plan.

Having received this information, participants were then asked to discuss the issues in groups and then "vote" for the 3 issues that they believed to be the most important. This was done by each participant marking the issues displayed on the walls of the room with up to 3 coloured dots. Following this exercise, the "votes" were counted and 6 priority issues were selected.

The Specification: A specification was drawn up for each priority by relevant sub-groups of the Partnership which included the following key points:

- An outcome-based description *e.g.* "The activity will provide services to unemployed people in the target neighbourhood which will enable them to gain employment and help them to strengthen their social networks." The description avoided output descriptions (number of people attending courses) wherever possible.

- A description of the outcome in the city's strategic plan that the activity should address.

- A requirement that the activity should measure its success against performance indicators drawn from the strategic plan (*e.g.* number of benefit claimants in the city, extent to which residents think their community is a good place to live).

- A requirement that the service should be delivered through a partnership in order that a range of services could be offered and that duplication of activity was avoided.

- A requirement that one organisation acted as leader and took responsibility for finances, evaluation and partnership support.

- Confirmation that discussions had taken place with the client group and representatives from the client group had places on the main project steering group.

- An indication of the maximum allocation of funding for this priority.

- A requirement that the proposals must demonstrate how the activity will be evaluated.

- A requirement from a public sector sponsor that, if the activity is successful in tackling the priority, it will be considered for future and ongoing funding through the mainstream budgetary planning cycle of the organisation.

The last point was developed with the finance officers of the public sector organisations in the partnership in order to make them aware of this potential commitment and to ensure that their planning cycles and procedures were geared up to cater for these new activities.

The specifications were then sent out to the Partnership's mailing list within the city.

The Selection Panels: Each sub-group identified a selection panel consisting of people who were "experts" in dealing with the priority and members of the voluntary and community sectors who understood the needs of the particular client group.

Those offering proposals were then invited to meet with the panels to discuss their ideas. Each meeting took around 1 ½ hours.

Each panel was particularly concerned that the proposals had ways of measuring success against the strategic outcome, a rigorous evaluation strategy and a clear public sector commitment to sustain the activity if it was successful.

The Decisions: Each panel considered the proposals carefully and often asked the proposers to consider involving agencies from other proposals in their work in order to add value and to secure activities that would not succeed in order weaker proposals.

Some also spent time talking to organisations which appeared to be competing with each other in delivering very similar services and persuading them to work together.

Concluding the procedures, final decisions were made and contracts agreed upon with the lead organisations. The Partnership's sub-groups then took over the monitoring of the activities, provided them with strategic support where required and ensured that the public sector sponsor was kept fully involved in the activity.

Why the approach is relevant to Croatia?

Many of the activities that Croatian partnerships are delivering are on short-term funding and as such are unsustainable. This approach could help closer working between community organisations and the public sector. It could further help to identify new ways of working that could be adopted by public sector organisations.

Reasons for the success or failure of the approach

There are a number of strengths that made the approach a success.

- Relationships were developed between Finance Officers from the partner organisations who were willing to share ways in which activities could be considered through the mainstream planning cycles of the public sector organisations.

- Community involvement within the decision-making process gave a more accurate feel for whether the proposed activities were likely to address local needs.

- The focus on outcomes rather than outputs and the insistence of delivery through partnerships helped to generate more integrated packages of activities which reflected the multiple needs of many of the client groups.

- The linkage between the outcomes in the city's strategic plan and the activities helped the Partnership to maintain a strategic view of the city's needs.

- The insistence that the activities should measure themselves against the performance indicators that were attached to the priority outcomes helped to focus the providers on their contribution to "the big picture".

The obstacles that were faced and the quality of the response taken

Obstacle: Concern from Health agencies that realised their priorities were not included within the final group.

Response: The Partnership agreed that the Health priority should be a cross-cutting issue i.e. it should be addressed by every proposal.

Obstacle: There was concern from the monitoring team that there should be more focus on outputs in order that they could monitor the activities effectively.

Response: A compromise was agreed that the proposal should contain some key milestones and outputs. This did, however, detract from the overall focus on outcomes.

Obstacle: Some public sector agencies could not sustain the whole of their new activities.

Response: It was agreed that it was acceptable agencies to adopt successful approaches drawn from the activities rather than the specific activity. This in some circumstances helped to improve mainstream services.

Considerations for adoption of this type of approach in Croatia

- Locally or regionally or nationally a range of key outcomes should be agreed and used to focus local activities.

- Training should be made available through external advisers for partnerships, practitioners and regional government on (i) the use of outcomes; (ii) how to plan and project manage activities; and, (iii) ways of securing agreement on strategic priorities.

- Each locality should produce a strategic plan based upon local data and resident surveys which can then direct the activities within the area.

- Pump-priming funding should be made available to attract partners and kick start activities. The funding should be made available only if the agreed activities are sustainable.

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CREATING EMPLOYMENT OPPORTUNITIES AND IMPROVING EMPLOYABILITY – THE ROLE AND CONTRIBUTION OF LOCAL PARTNERSHIPS

Reiner Aster, gsub mbH Berlin, Germany

Introduction[12]

The following report highlights the role and the contribution of partnerships in local employment development in two Croatian counties: Vukovar-Sirmium and Varazdin.

The focus of the study is on employment as one of the key issues of local development. The employment rate in Croatia in 2006 was 55.6% compared to 64.4% in the European Union in the same year (figures from Eurostat). In addition, the employment rates for women and older workers are lower than the average in the European Union. The unemployment rate in Croatia, however, has decreased rapidly within the last year, from 23.4% in June 2006 to 14.3% in June 2007. Similar positive trends have also been identified in the two counties.

The perspectives of local stakeholders in both counties, such as the Employment Service, the Chambers of Arts and Crafts or the local authorities, show that considerable efforts have been made to foster employment and to create new jobs, for instance, through specialised training measures or through the settlement of investors in so-called 'economic zones'. However, there is still an imbalance between job offers and the skills of the (long-term) unemployed as well as a lack of future-oriented and sufficient job-creation and training schemes.

The county strategies are based on different national strategies implemented by different ministries. On the one hand, these strategies provide active labour market measures for special target groups, like wage subsidy and training measures. On the other hand, the national government provides partnership-related development strategies within the framework of the ROP (Regional Operational Programme). Thus, a challenging issue is the further integration of the different partnerships in one strategic partnership per county which includes the most relevant stakeholders. By combining efforts, these partnerships will set up a common action plan which will reduce transaction costs and bring different projects under one strategy. Priorities, guidelines, committed participants, and good-practice examples already exist, but these should be expanded upon and focused on increased and higher standards of employment and towards a knowledge-based society.

It will be revealed that the implementation of national and EU-programmes at the county and local levels requires too much time. The local people cannot wait because of urgent challenges on the ground. Professional intermediary bodies can help to accelerate, co-ordinate and organise these processes.

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[12]   This report is based on interviews conducted April 23–27, 2007, by the expert group with different representatives and stakeholders of the Croatian counties of Vukovar-Sirmium and Varazdin. The author was involved in 13 of these interviews, which are the main sources of the following expertise.

An additional challenging issue is business involvement, particularly small firms in the craft sector, but also big companies, *i.e.* those in the food, leather and metal industries, and their contribution to local or county development.

Strengths and Weaknesses

General observations

In both Vukovar-Sirmium and Varazdin, similarities are evident in terms of the target groups entering the labour market (*e.g.* older workers, women, and young people) and in terms of the orientation towards traditional manufacturing and construction industries. The national strategy appears to leave limited scope for special bottom-up regional and/or local economic and employment development initiatives. Perhaps not surprisingly, both counties respond with similar strategies and approaches: the limited number of training programmes, the small number (20 to 60 places) of publicly subsidised employment schemes and, in general, the limited adaptability in job creation schemes.

The transfer of financial resources from the national level to the county and city levels is reportedly time-consuming, and communication is reportedly both sporadic and ineffective. However, funding for good project ideas is not an issue and relatively easy to access (whereas funding for permanent partnership structures is an on-going discussion!). The more challenging issues are human resource development and the political/bureaucratic attitudes (mindsets) which are not aligned with the modern, market-oriented and knowledge-based democratic and participative principles and goals. Other issues raised were the slow recovery from the war, the socio-economic consequences of the 1990s, privatisation, and the dynamic environment of the market-oriented economy.

In terms of partnerships, a two-fold approach was clearly visible while conducting the interviews. At the county level, the County Partnerships have been established through the ROP exercise, which has ambitious objectives and inclusive participation process (businesses, government/politicians, civil society). On the other hand, there are employment-oriented partnerships (*e.g.* in Vukovar) or economic development-focused partnerships (Varazdin Economic Council) which may need to be incorporated better into the ROP-defined partnerships. However, this two-fold county level approach reflects a two-fold strategy at the national government level: on the one hand, the 'National Policy Guidelines for County Partnerships' by the Ministry of the Sea, Tourism, Transport and Development (2005) aim at strengthening local capacities and local social capital in the counties. On the other, 'The National Action Plan for Employment for the Period 2005–2008' by the Ministry of Economy, Labour and Entrepreneurship, based on the European Guidelines, mainly addresses the Croatian Employment Service and its branch offices in the counties, enhancing active labour market policies and 'employment partnerships' and strategies at the county level. As in many other European countries, such two-fold strategies stem from different ministries which do not co-ordinate sufficiently their strategies at the national level. They supervise their local (county) bodies, which then tend to respond separately to their national strategies. Here, the recommendation is to combine and connect the different national and county approaches into one common strategy (see also below).

In addition, both strategies link to different development agencies. It appears that both areas are ripe for a strategic partnership ('umbrella partnership') which encompasses both local and county levels. (However, it became obvious later that the ROP partnership is the umbrella partnership and that this is recognised by the members of the different partnerships). In both counties, it seems that a stronger commitment and ownership within partnerships would be helpful and would overcome the barriers of political connotation or vertical and hierarchical decision-making processes. The decision-making and implementation phase of EU-related programmes such as CARDS and INTERREG is too slow according to the needs of the local and regional residents and should be accelerated in the future.

According to labour market needs, knowledge such as foreign language skills, IT-competencies and quality management should in the future be enhanced by lifelong learning schemes which also address older workers. In the 'Recommendations' section of this document this issue will be discussed further.

Vukovar-Sirmium region

The situation in Vukovar-Sirmium in terms of post-war employment can be demonstrated briefly as follows: before the war, out of a total of 50,000 inhabitants, 27,000 were employed (54%); currently, out of a total of 32,000 inhabitants, 8,000 are employed (25%). Labour market figures are considerably better for Vinkovci than for Vukovar-Sirmium (34% for Vukovar, 28% for Vinkovci, and 30% for the entire county). The main problem zones are the regions close to the border as they are separated from former commuter links. Previously, for instance, people from Bunja (a Croatian town) worked in the town of Brčko (in Bosnia) and commuted via a bridge crossing the River Danube. Since 2006, less than 20,000 unemployed are registered in the entire Vukovar-Sirmium County and the number is still decreasing; this seems to be a success that should not be underestimated.

Manufacturing (*e.g.* textiles and leather) and construction industries, are the most prevalent but the hospitality and agricultural sectors are also important in providing jobs. According to the Chamber of Arts and Crafts, the crafts sector is the strongest pillar of the economy in Vukovar-Sirmium and also one of the most important suppliers of jobs. There are well- equipped schools, good teachers and a highly-skilled workforce in most of the professions. There is also plenty of additional capacity for start-ups and SMEs in the craft sector, which is projected to continue its growth, in particular in the sectors related to hospitality, tourism, the wood industry, and agriculture.

The peak of mass redundancies seems to have passed in the region. However, restructuring processes will go on permanently and must be accompanied. Additionally, it is crucial to attract more investment as well as larger companies in order to increase activity in the craft sector. Otherwise, the younger workers will increasingly leave the region, in particular the academics, but also artisans and craftsmen, due to better opportunities elsewhere.

Initiated by the CARDS 2002 programme, a successful local partnership for employment, comprising the relevant stakeholders in Vukovar-Sirmium, was formed on a formal basis. Members of this partnership are: the Chamber of Arts and Crafts, the Chamber of Economy, trade unions, employers' organisations, educational institutions, representatives from the county government, the municipalities and the Croatian Employment Service, as well as a development agency. Currently, the CARDS 2004 programme assistance will further this work and partnership development.

Linked to this partnership, the Regional Operative Programme (ROP) has been developed over the last three years, initiated at the national level through CARDS 2003 and through the support of international agencies. The employment issue is very important in this document. All national and international funds will be related to the ROP. Activities or measures which request funding need to be in line with the objectives stated in the ROP document.

As mentioned above, it would be helpful to bring these two approaches – the County Partnership and the 'Local Partnership for Employment'– closer together, particularly as some of the partners are already represented in both partnerships. One 'umbrella partnership' with one common strategy and one common action plan would have more impact on local economic and employment development.

A County Partnership weakness is that the national strategy is not yet approved. Moreover, funding for the expected projects is not yet clear. However, both topics are very important for the legal basis and the commitment of the local/regional participants. Another challenge is to overcome the personal and

particular interests which may hinder the County Partnership process. This includes transparent discussions and decisions about conflicting strategies and goals. For instance, according to the representative from the city of Vukovar-Sirmium (Department for Economic Development) the first priority in the ROP process is to accelerate privatisation and to develop the infrastructure by setting up entrepreneurial zones in the Vukovar-Sirmium County. This priority includes considerable financial incentives for companies which settle in these zones.

Another priority (out of nine) is to stimulate ecological and sustainable development. In fact, the main industries in Vukovar-Sirmium are the food, metal, construction, textile and leather industries, partly with low net product and low-skilled jobs. According to the County Employment Service, it is difficult to attract people for these 'traditional' industries. Thus, in the long run, it may be an appropriate strategy to attract more knowledge-based branches and jobs (as an already existing example see the E-Vukovar initiative, 'Good Practice' section) and to intensify the co-operation between companies and universities (see 'Recommendations' section). The 'personal issue' refers to the fact that partnerships are often dependent upon single persons as individuals, who represent – for instance – special political interests, or upon actors who dominate a partnership by their strong commitment. Therefore, establishing 'horizontal' instead of 'vertical' communication and pursuing mutual benefits based on the participation by many different and committed actors who represent mainly the residents and special target groups is an ongoing task in such partnerships.

For many partners, the partnership idea is a novelty, yet others are familiar with it. One interviewee proposed that more could be done concerning the partnership and that they could take a more active leadership position in the partnership process.

The National Action Plan for Employment 2005–2008 and the National Annual Plan for Employment Promotion 2006 are sound top-down strategic plans applicable to county programmes which enable a broad variety of traditional active labour market schemes. A major issue, in addition to the high unemployment rate, is the gap between supply and demand in the local labour market. Paradoxically, there appears to be a shortage of certain skills and qualifications. For example, the construction industry experiences a chronic shortage of labour. According to the Croatian Employment Service, this may be the most challenging issue in the near term. Other issues include illegal workers, placement of special target groups like older workers (45 plus), young workers (under 29), women, and the disabled.

Training programmes also need tailoring further to meet the needs and time restrictions of seasonal labour force demands. At the moment, training measures start in March, when many seasonal workers commute to the coast for seasonal jobs. Instead, training courses should be organised during the winter when the workers are at home in Vukovar-Sirmium County.

Most training is targeted towards traditional jobs in the manufacturing sector and less towards a knowledge-based, market economy. There is also a general lack of job creation programmes in terms of self-employment or 'start-your-own-business' programmes. The idea of being self-employed should be fostered (instead of working dependently) as should the region's and particularly of the job-seekers' entrepreneurial spirit.

The number of active labour market measures appears to be inadequate in the light of the high unemployment rate. Even though a broad variety of interesting 'good practice' projects has been implemented recently in Vukovar-Sirmium (see below), the amount of training places, wage subsidies, internships in companies, public-financed job offers and other active labour-market schemes should increase. The benchmarks of the 'European Integrative Guidelines' from July 2005 could serve as indicators: within six months at least, every young, unemployed person under 25 should have a job, a vocational or training offer and, within a year, every adult.

Another weakness which could be changed into a strength in the future with impact on employment has to do with the issue of regional identity or, as one interviewee stated: 'There is, for instance, tax reduction as an incentive for investors but there is a lack of a "positive aggressiveness" to present and sell Vukovar-Sirmium as a special region with special advantages, *e.g.* special wine, special cuisine and other special and exclusive assets of the region.'

Varazdin

Varazdin has one of the strongest local economies in Croatia and the employment rate is continuing to rise. At the county level the unemployment rate is at 12.5%, while the city level it is around 8–9%. In spite of the encouraging unemployment figures, structural unemployment persists. The usual disadvantaged groups have much higher unemployment rates: people of 45 years of age or older (44%); young workers under 29 (32%). The situation worsens in the remote rural and border municipalities.

Generally, there is a large gap between the employer's labour needs and the skills offered by the unemployed. According to the Croatian Employment Service, the highest demands for skilled labour are in the textile and leather, food and construction industries. However, other interviewees note the urgent demand for production managers, marketing professionals, foreign language speakers, IT specialists and, more generally, competencies in managing information and communications technologies. The county craft businesses noted the general lack of skilled labour (particularly in the construction industry), lengthy delays of contractor payments and illegal workers. Varazdin's economic success is based upon a sound transformation of formerly state-owned companies (sold to small shareholders), a stable political environment based on multiparty agreement, a strategic location (close to Austria and Slovenia, which have excellent transportation systems), and considerable foreign capital investments.

Similar to Vukovar, there are two parallel partnerships and employment strategies: the ROP (Regional Operative Programme) process which addresses the entire county, and the city's own strategy which focuses on the city's economic development and is steered by the Varazdin city 'Economic Council'. Both strategies are assisted technically by different development agencies, which act more or less separately.

Even the city of Varazdin is not directly competent in employment issues; the city applies successfully for national and European pre-accession funds supported by the DAN development agency (Development Partnership North). However, it seems that the scope of this partnership, which covers five different cities in four different counties, is not sufficiently focused on the special needs of Varazdin city and Varazdin County.

To sum up, there is a need to close the gap between the different partnerships and a need for common goals and strategies at the horizontal level for Varazdin - in particular in economic development and employment - and being linked vertically at the national and the European level.

Stakeholders of the city of Varazdin and the DAN highlight the fact that they can act much faster than the national level and that the city cannot wait until programmes or decisions at a national level have been implemented or put into practice.

According to the Chamber of Arts and Crafts, the most striking future challenges are: preparation for the accession to the EU, participation in international projects and fostering relationships with neighbouring counties in terms of economic development and employment. Voices from the private sector on what is needed are in favour of a total reform of the public services to have less bureaucracy and an acceleration of procedures. Currently, residents and unemployed people are going to be educated for jobs more suitable to the previous generation than to modern requirements. The present ratio of counsellors to registered unemployed persons (1:530) in the Regional Employment Service does not permit an

appropriate guidance for (re) integration into jobs (in comparison to Germany where the ratio is 1:150 for adults and 1:75 for young people under 25).

The Varazdin Regional Employment Service states that it was consulted concerning the design and implementation of the 'National Plan for Employment 2005–2008' before it was approved at the national level. Thus, the regional level could make its input and influence the final version of the national plan. However, the Regional Employment Service requests more recognition of its abilities in problem description and problem solving by the other partners at the regional level and the Varazdin city level.

Good Practice in Vukovar-Sirmium and Varazdin

Customised training tailored to local business needs - Vukovar-Sirmium

The Regional Employment Service (RES) and the regional employment partnership provides 'good practice' in terms of customised training, *e.g.* (i) professional orientation for young people ('My choice' project), (ii) the integration of former unemployed persons in the SPACWA company (a wood processing firm), (iii) a project in the tourism sector providing language skills, training in catering, and other opportunities, or (iv) the ECDL – European Computer Driving License project and similar measures in small numbers. Such projects, oriented towards concrete work experience and labour positions, may be intensified and widened in the future, *i.e.* the training measures should be better targeted to current and future jobs.

The Regional Employment Service approach can be considered as good practice in terms of co-ordination and integration at programme level, allowing for increased synergies between different relevant stakeholders. The good-practice examples are relevant to small and medium-sized SMEs as one of the most important 'actors' for local partnerships. In particular, the small firms are the main job providers, but they often do not know what kind of qualification they need and do not have either personnel recruitment capacities or in-company training strategies. These good-practice measures can help to bridge the gap between the job offers and the skills of the unemployed.

E-Vukovar: expanding IT skills in Vukovar-Sirmium

Another good practice example is the E-Vukovar project, which started in November 2006 after a preparation phase launched in mid-2006 with the support of USAID. It represents the private-public project-based partnership, including, amongst others, global players such as Microsoft, IBM, Hewlett Packard, TCOM, and Cisco at the county and city level, as well as USAID. The E-Vukovar project is aimed at implementing and improving E-government at both city and county level, delivering IT know-how to the administration, hardware equipment, software, and improving the residents' computer skills. The E-Vukovar project is also a good example of a bilateral partnership between the City of Vukovar Department of Economic Development and IT-oriented firms and institutions like the polytechnic college, which recently opened the Microsoft and Cisco Academies These two academies within the polytechnic institute offer an informal, less bureaucratic kind of education, and are able to spread IT knowledge across the region. Formal education by the Croatian state is much slower because of the need for approved curricula, teachers, etc., procedures which require a lot of time. The E-Vukovar project aims at improving the use of IT technologies to implement an E-government process in the Vukovar city administration. USAID installed the city's E-government system and trained city staff. Additionally, it pursues obviously commercial goals. Internet penetration in Vukovar City is at 13%, while it is at 37% on average in Croatia. Thus, by June 2008, 20 locations in Vukovar City such as café bars (internet cafes), will provide free Internet access to all their customers. In June 2008, the local stakeholders must assume ownership of equipment, procedures and future developments because USAID will withdraw from Croatia. Well-skilled young people, organised as a private company or association, will run the 20 Internet locations. Perhaps

this partnership could be developed towards a multilateral partnership integrated into an umbrella county partnership.

Varazdin

One type of good practice derives from the 'Economic Council', representing the strategic alliance between the local business sector and the local government in the city of Varazdin. The city is very active in improving economic activities and attracting 'global capital' and investors. According to the mayor, the city of Varazdin looks back on a successful tradition of permanent restructuring and pro-active planning of labour force management and mass redundancies:

- One current 'good-practice' example of these efforts is the Varazdin Free Zone with 1 800 employees, offering, amongst other things, tax reductions of between 0 and 20%, depending on the number of investment and employment opportunities. Additionally, other tools aim at attracting investors from abroad and from Croatia itself.

- The Austrian BOXMARK Company (in the leather business) absorbed a lot of female workers from the textile company VARTEX. This transfer and restructuring process was carried out by avoiding unemployment.

Both examples fit very well into the European strategy of permanent restructuring as a 'way of life' for many regions and localities in Europe (see – for instance - European Employment Week, Brussels 2007). It is a permanent challenge for the regions to manage change and capture new job opportunities, and regional or local partnerships play a key role in turning these processes into success stories. This is why one of our learning models will be linked to this point.

Other good partnership initiatives have been promoted by the Chamber of Arts and Crafts:

- The Chamber of Arts and Crafts has its own 'partnership', including the Regional Employment Service and principals of the vocational schools, which analyses annually craft sector's demands and vacancies. Approximately 470 businesses in the craft sector are licensed for apprenticeship; 450 students enrolled in 2006. Further college seminars by the Chamber cover adult seminars (*e.g.* master craftsman; license for opening a craft business).

  With a high unemployment rate amongst young people in the county of Vukovar-Sirmium and a lack of educational completion, it is crucial that the Chamber of Arts and Crafts (one main actor of the partnerships in Varazdin) invest in vocational training and apprenticeships. This strategy could be fostered by being implemented within a broader-based partnership.

- Moreover, Varazdin County provides an entrepreneurial zone for craft businesses with infrastructure and facilities on the condition that the businesses employ a specific number of new employees. The arts and crafts sector represents 3 357 businesses (1 090 manufacturing, 861 service sector, 521 trade and commerce, 479 transport, 406 hospitality and tourism) providing 10 500 positions. This underlines the fact that the craft sector is one of the main players in terms of local partnerships and job creation and links partly the different partnerships in the city of Varazdin and the county, due to the importance of the craft sector in terms of labour places and vocational training. In terms of social inclusion, the city of Varazdin Foundation for Solidarity and city Department for Social Affairs projects can be viewed as good practice projects.

Recommendations

General

From a project-based to a sustainable strategic partnership. As mentioned above, in Vukovar-Sirmium and Varazdin Counties the various partnership structures may need to be more integrated in one strategic partnership with one action plan and one steering committee on the county level. There exist ROP-driven county partnerships, focusing on investments and economic development, and employment- and social inclusion-oriented partnerships. Moreover, partnerships are largely project- oriented and tend to dissolve after project completion. Although project-based partnerships are necessary, the legacies require lasting governance through strategic partnerships. These latter types of partnerships include county and city-level stakeholders across many fields (economic development, employment, etc.). This partnership should assuage any organisational or policy tensions between the different levels of government and the different areas of activity. Regular meetings are recommended once every two months. An effective organisational structure through a formal agreement between the partners is strongly recommended. The partnership may be founded as a legal entity (association or Limited Liability Company) with a board, an executive secretariat, a decision-making steering committee, and broad participation by the stakeholders. The recommendation is to bring together a) the main stakeholders of the employment-oriented (Vukovar) or city-oriented (Varazdin) partnerships with the main stakeholders of the ROP-partnerships in both counties b) the professional intermediaries in each county, in order to accelerate and co-ordinate the process in a professional manner (see below). The public administration should take the leading role because it is a kind of 'neutral' player and less driven by particular interests than one in the private sector. However, the public sector/the administration should not dominate the partnership; it is crucial to integrate the business sector as the main provider for jobs and the civil society as a sector in touch with the people on the ground, representing and participating ethnic minorities and vulnerable groups.

Use a performing public administration or an external intermediary body/agency as a leading force. For a well-functioning partnership, a professional support structure must provide assistance with project application procedures, organisation and facilitation of partner meetings and financial management. In short, such a body would assume administrative tasks, allowing partners to focus on strategic matters. In OECD countries, an intermediary agency is usually founded as a separate entity from the public administration, primarily for the reasons of flexibility and speed. The intermediary should have the authority to act within publicly-defined parameters and may be tasked to mediate and facilitate. It is of paramount importance that the intermediary has the requisite professional and technical skills and the service focus. In most OECD countries, international co-operation and networking (through professional, NGO, university, and business exchanges) is widely seen as the prerequisite to successful partnership management.

Activate local enterprises – not only the organisations, which represent them – to join the local partnerships. With the E-Vukovar initiative and the Employment Zone in Varazdin, for instance, the respective partnerships have already involved the local enterprises in a very satisfactory and efficient manner. Both Vukovar-Sirmium and Varazdin may benefit from additional incentives for job creation and SME support has been one of the leading job creation routes in OECD countries. According to EU studies as well, increased business involvement (especially SMEs) in the partnerships is one of the central success factors of a local partnership[13]. It is crucial that not only the representatives of employer organisations but also the enterprises themselves be involved in local (or county) partnership activities and structures. According to other European studies, labour-market schemes and EU programmes which were conducted

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[13]   See for instance – 'AVALON – Added Value of Local Networking', a study in six European countries under the EU programme 'Preparatory measures for a Local Commitment for Employment', Berlin 2001, available through www.avalon.de.

by social partners, chambers of commerce or arts and crafts and other organisations and institutions only, had quite good outcomes in terms of formal results or in a proper use of the expenditure, but they have had a low impact on employment.

Support services for business start-ups and to foster job creation. This appears to be of increasing importance. International experience in social corporate responsibility and OECD research point to the potential lead role of large businesses to be 'parent companies' of local employment organisations and business linkages between the SMEs and large firms. For instance, in the Berlin-Neukölln TEP (Territorial Employment Pact) in Germany, a large company allied with a start-up company to facilitate future contracts for the latter. Another big company offered premises and in-kind support for young founders in order to assist their start-up-phase. Thus the recommendation is: foster and support business start-up projects but also look after existing firms. In other words, improve both the 'birth and survival rate' of enterprises at the local level. This requires well-organised and professional working partnerships where partners co-operate at the same 'eye-level'. In addition, transparency and communication of business support services may be improved by the establishment of single institutional identities, brands, or gateways, perhaps applying the 'One-Stop-Shop' model (see also 'Recommendations' section). The issues for discussion may include whether this service should be outsourced or established in-house as a public agency, separated or integrated into existing structures.

Address special target groups by active labour market policies. Like in all European countries, there seems to be the necessity to pay special attention to specific target groups. These target groups have already been identified by Employment Services. However, to tackle structural unemployment there is a need for more programmes aiming at activating and (re) integrating these target groups into the labour market. Three groups need special attention and 'promise' high outcomes in return in terms of reducing unemployment and fostering employment: a) the older workers (50 and 55 plus), as the employment rate of the 55–64 age group was 34.3% last year in Croatia, whereas the average employment rate in the EU was 43.5% in 2006; b) women, especially the 20–24 and 45–54 age groups (OECD/USAID background reader); and c) long-term unemployed, as structural unemployment usually hits individuals as well as the economy and grows 'automatically' if no preventive measures are taken.. Besides, young unemployed under 25 without qualifications and/or early school leavers should be the focus of attention dealing with the passage from school to job or from vocational training to a labour position.

Foster participation and the social capital in the regions. Due to predominantly vertical and hierarchal structures inside and outside the institutions and the decision-making processes, additional efforts should be undertaken to strengthen residents' participation and the regions' social capital by implementing appropriate programmes and action. The corporate identity and the marketing of the region should be enhanced, as there is an interdependence between a region's competitiveness and that of its businesses.

Vukovar

Enhance and expand knowledge and market-based training programmes. The Croatian Employment Service and the regional employment partnership provide good practice in terms of customised training. The training programme measures should be targeted for current and anticipated jobs. In order to assess future labour demands better, additional business surveys and questionnaires may be warranted. Knowledge-based training measures, like IT, should be expanded and improved to bolster workforce qualifications and attract new businesses and investment. In this case, the local partnership may provide the local baseline knowledge and information for the development of locally-tailored strategies and approaches.

Improve the co-operation between training institutions and businesses. Moreover, co-operation between these sectors can help guide the education system in meeting the market demands for professional and technical cadres. It appears that a local college could play a significant role in terms of increasing employment opportunities through skills development and upgrading. The craft industry's potential is not fully recognised, in particular the hospitality and tourism, wood processing, and agricultural sector, where new labour demands are anticipated. The application of the German apprenticeship model (a dual system with internships and lectures) has shown encouraging results in Vukovar-Sirmium. Here, the role of the partnership would be to integrate initiatives between training institutions and local businesses into a wider local development strategy comprised of employment and skill-development issues.

Devise a regional (county) action plan for <u>additional</u> job creation. The already existing and very useful schemes of active labour market policies under the CARDS programmes should be enlarged in number and simultaneously completed by measures and projects which aim at activation, integration, and self-employment of the different target groups in the labour market. The application of European guidelines and the National Action Plan for Employment should be linked to the regional (county) bottom-up employment strategy, with adaptations in various environments (urban, rural, and underdeveloped). The cornerstones of such an action plan could be: (i) preventive measures, such as adaptation for businesses and employees to prevent dismissals or mass redundancies, (ii) measures intended for special target groups (older workers, youth, and women) including subsidised job creation schemes for the groups most difficult to employ, and (iv) schemes which provide support for start-ups and which promote entrepreneurial engagement and spirit in the region (for example a 'start-your-own-business award', micro-grants, and/or micro-credit schemes). A partnership framework could facilitate: (i) the introduction and implementation of a strong bottom-up strategy; (ii) alignment of economic, social, and environmental factors of local development; (iii) action planning with robust targets, clearly-assigned tasks and responsibilities and associated performance indicators; and, (iv) linkages with national and European strategic priorities and programme to ensure continuity and sustainability.

A better relationship to the employers, a better impact on the educational system in the direction of higher flexibility, and the modernisation and improvement of the Employment Service itself are the most challenging tasks for the future, according to the leading persons of the Vukovar-Sirmium Employment Service. Support is also needed in terms of finding project ideas, design and implementation.

Informal project-based partnerships work best here, but no sustainable strategic partnership exists. The most urgent problems are to increase the competitiveness of the businesses in the EU precession phase and to introduce quality systems and computer skills.

Varazdin

Expand on the existing good practice projects. The Varazdin partnerships (County Partnership and the Economic Council of the city of Varazdin) could assume the role in evaluation of results achieved through these initiatives, actively disseminate relevant information and contribute to partnership learning. Local development projects should be focused from the beginning on qualitative and quantitative targets.

Make better use of the Regional (county) Employment Service. In Varazdin, the Regional Employment Service offers a wide range of active labour market measures. It offers problem-solving strategies, employment generation know-how and training needs assessments which could contribute significantly to the local Economic Council and the ROP-driven County Partnership.

Provide investor incentives through attractive recruitment strategies and an educated workforce at the county level. Varazdin needs lifelong learning programmes and preventive active labour market measures based on the successful county practice of active transfer and adaptation measures. Investors are

attracted on the one hand by the free zones and tax exemptions but also on the other by the abundance of skilled workers. The role of the partnership would be to integrate initiatives through the training institutions and local businesses in a broader local development strategy addressing employment and skill development issues.

Towards an umbrella partnership for the entire county and an appointed impartial body as the driving force. The two partnerships: the city's Economic Council and the County Partnership are led by strong governments. The impartial body would act as mediator through the umbrella partnership. Potential members may be from training institutions, NGOs or Chambers. It is important to keep the partnership open to new members in order to be responsive to local needs and revise strategic directions as the circumstances arise.

International learning models[14]

'Local social capital – fostering the social capital of a region or local area by global grants'[15]

Description of the approach (aims, delivery, budget, etc.)

'LOS – *Lokales Kapital für soziale Zwecke'* stands for the 'Local Social Capital' (LSC) programme at the German national level. The LSC programme was started in 1999 as a European Commission pilot project and mainstreamed in the period 2000–2006 under Article 4.2 of the ESF Regulation, Priority F: 'Local Social Capital, Measure 11' (small projects for promoting local employment development). Measure 11 includes encouraging locally-based initiatives to make greater use of the local and regional employment potential.

In other European countries the programme is better known as the 'Global Grant Programme' or 'LSC Programme', aiming at:

- Enhancing local social capital;

- Fostering employability and social inclusion;

- Empowering vulnerable people; and,

- Supporting local networking, local initiatives, and local start-ups.

The rationale behind LOS is to develop and establish a structure which works closely with people who want to carry out micro-level projects. An example of this is the 'Peace Initiative' in Northern Ireland. Local groups should not be treated as passive recipients of aid but as independent players who participate actively in local networks created by the intermediary bodies. LOS essentially targets people who are excluded (or threatened with exclusion) from the labour market and, as a consequence, from society. The definition of these target groups threatened by exclusion may differ according to regional or local realities. Thus, one of the first tasks of a partnership is to find out which are the most vulnerable groups in the region or locality which have to be addressed.

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[14] The international learning models were selected on the basis of the assumed or identified local needs of the two regions and simultaneously on the basis of the experiences of the author and the consulting company he is heading: the gsub – Social Business Consultancy Corporation.

[15] This international learning model applies for both counties.

Many initiatives dealing with such groups of people fail to materialise because of the lack of necessary funding, support and professional advice. Accordingly, an important aim of LOS is to facilitate the reintegration of particularly disadvantaged people into the workforce by utilising local resources, such as local networks of civil society organisations, local enterprises or committed local people, departments and local authorities' special schemes. Here, the aim is to reach local players who, as recipient agencies for micro-projects, have previously been largely overlooked within the framework of traditional ESF interventions. These may be legal or natural bodies.

In addition to supporting people, the respective micro-projects are intended to facilitate structural changes at the local level which will continue to have an impact beyond the duration of the LOS programme. It is also intended to combat xenophobia as well as to strengthen regional cohesion and sustainability. Eligible organisations and target groups with similar aims are being sought.

The German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ) is responsible for conducting the programme areas allocated to the German government. In 2007, roughly 200 communes with 286 local areas and 8,800 micro-projects are involved in the programme. One percent of the European Social Fund was earmarked for this programme.

A total of €87.5 million has been provided for the period 2003–2008 in Germany to conduct the LOS programme at national level. The programme is 100% financed by the European Social Fund, which was an exception in the structural funds period 2000–2006. However, the European Commission recently recommended to the National States to keep this 100% financing by ESF-means for the new period 2007–2013, because the last period has shown that a co-financing is too bureaucratic and complicated for micro-projects.

Micro-projects can be funded to a maximum of €10,000. The programme is being implemented on behalf of the BMFSFJ by the Arbeitsgemeinschaft Regiestelle LOS (ARGE Regiestelle LOS), which comprises the Gesellschaft für soziale Unternehmensberatung mbH (gsub mbH) and the SPI Foundation Berlin. The Regiestelle LOS (LOS co-ordinating office) is the contact and contractual partner for all local authorities taking part in the programme.

Target groups:

In particular, LOS is intended to support:

- Socially disadvantaged young people;

- Disabled people;

- Resettled ethnic Germans;

- Migrants;

- Single parents;

- People re-entering the labour market;

- Older employees;

- Long-term unemployed;

- The homeless;

- Addicts; and,

- Offenders.

The LOS project types (MicroProject Types 1–3) serve to attain the following programme objectives:

- Supporting individual activities to promote vocational integration (MP 1)

- Support for organisations, initiatives and networks which take up the cause of disadvantaged people in the labour market (MP 2); and,

- Support for start-up companies and for establishing social enterprises (MP 3), including:

  − Start-up advice

  − Limited start-up aid for disadvantaged people (Deminimis)

  − Start-up aid for social enterprises and self-help organisations

  − Support for start-ups/social enterprises which foster tolerance and democracy

All projects must contribute to improving the employability of disadvantaged groups in the labour market, but all measures which agree with the policy priorities of the European Employment Strategy can be funded. With regard to these objectives, the following policy priorities play a particularly important role:

- Active and preventive measures for the unemployed and people who are economically inactive;

- Promoting entrepreneurship and job creation;

- Gender equality; and,

- Promoting integration and combating the discrimination of disadvantaged groups in the labour market.

Programme implementation: Regional (or local) Co-ordinating Office

Each managing authority shall establish a Regional Co-ordinating Office and provide one member of staff to manage it. The Regional Co-ordinating Office is responsible for forwarding information within the administration and, through its communication channels, creates transparency. In addition, the Regional Co-ordinating Office is also responsible for the following tasks:

- Contact and contractual partner for the Regiestelle LOS at the national level;

- Instructing the local network;

- Contact partner for potential micro-project providers;

- Drawdown, allocation and controlling of funding;

- Providing information on the LOS programme at the local level, determining and advising applicants for the micro-projects and processing the applications (together with the local network and a monitoring committee);

- Participating in the regional conferences of the Regional Co-ordinating Offices/Collaborating with the evaluation provided by the national government; and,

- Producing documentation on the outcomes and impacts of the micro-projects and forwarding them to the *Regiestelle* LOS.

The LOS programme also aims to increase the participation by stakeholders and/or committed citizens in local decisions. For this reason, the micro-projects are selected not just by politicians and local authorities but also by representatives of all relevant players who assume responsibility in the respective development area. In addition to representatives from the local authorities or rural districts, the local networks should, in particular, include residents from the respective development area and representatives from the LOS target groups. Applicants for micro-projects will be determined and advised and the corresponding applications processed. Based on the LOS project types and the action concepts described in the respective local action plan, the local monitoring or steering committees will decide on which submitted projects receive funding and monitor these during the implementation. These monitoring (or steering) committees are owned by the main local stakeholders. Additionally, representatives of the local residents and local target groups must be recruited for the committees. (According to the official guidelines of the programme, the membership of the latter is compulsory and has to be documented in the reports to the National Ministry in order to guarantee the 'participation issue').

How does the 'Local Social Capital programme' work in practice? - The Berlin case

The Federal LOS programme, described above, should be distinguished from the various Federal States (Länder) programmes. The Länder programmes are implemented in accordance with their own specific guidelines.[16]

At Berlin level the 'Local Social Capital' (LSC) programme works as follows:

1st step: Call for proposals by the local steering committees

Each of the twelve Berlin districts is the owner of a district partnership (or local pact) run by a steering committee with the most important local stakeholders. This steering committee starts a 'call for proposals' by local newspapers, events, meetings with civil sector organisations or other small organisations and single actors potentially eligible for micro-projects. Moreover, the members of the steering committees (the mayor or deputy, other local authority representatives, representatives from the employers' organisations, from the neighbourhood managements, from the Public (local) Employment Service, from the unions, etc.) contact their networks, in which they are involved, to disseminate the programme. As a result, many proposals will be submitted each year.

2nd step: Pre-selection by the 'operational office'

Each steering committee is supported by a (district or local level) operational office, which is set up by the programme intermediary and by a member of the respective local authority. This office is

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[16] The respective contact partners for the Länder programmes can be found at www.los-online.de. In Berlin, gsub mbH is also in charge of the 'Local Social Capital' programme of the Berlin Land, www.loskapberlin.de.

responsible for pre-selection according to the guidelines which have been set up at the central level of the Berlin Land. The responsible department at the Berlin Land level (regional) is also involved in the pre-selection.

3rd step: Final selection – decision-making

The final selection is made by the steering committees in the districts.

4th step: From proposal to application

After the finalisation of the selection, the eligible projects will be notified and asked for formal application. In order to reduce bureaucracy, the former proposal can be turned into an application very easily with some additional indicators and signature.

5th step: Implementation of the projects

Now the projects can start accompanied by a very close guiding structure provided by the intermediary. This is necessary and explicitly foreseen in the programme because most of the applicants have no experience in applying the European Social Fund and other general rules of financing.

6th step: Monitoring and evaluation.

The monitoring evaluation of all initiatives is an on-going process. In some projects, the members of the steering committees are 'parents' for the micro-projects. Other projects use self-evaluation tools. The intermediary for all districts is also responsible for the monitoring and reporting system.

7th step: Presentation of good practice.

Sometimes awarded, the districts present the best projects after project closure (average duration of a micro-project: 6 months). All good practice projects will be presented and disseminated in a joint Berlin Land brochure.

The following are some examples of micro-projects that have been implemented at district level in Berlin:

- Foundation of a business incubator for migrant women;

- Establishment of the Neukölln citizen foundation – self- organised and financed by Neukölln residents with initial financial support by the LSC programme;

- Establishment of 'Sunhouse' – a social initiative promoting old and young living together;

- Start-up of a 'not-for-profit catering network' that offers catering for charities and vocational training opportunities for long-term unemployed youth;

- Establishment of a neighbourhood co-operative as an international encounter and service centre in a socially distressed borough; and,

- Design and delivery of special training courses for illiterates.

Within the framework of this programme, gsub is in the role of an intermediary: directly advising, co-ordinating, funding, and monitoring these micro-projects. The decision-making process (selection of and

eligibility for the micro-projects) in Berlin is made by the 'Territorial Employment Pacts' (district alliances) of each of the 12 districts of Berlin, in agreement with the Berlin Land Department for Labour.

Why the approach is relevant to Vukovar-Sirmium and Varazdin

First, the local social capital approach (LSC) is crucial to foster the civil society through the participation by the residents in a neighbourhood and/or groups in danger of exclusion; second, it is an excellent tool to improve local governance and, simultaneously, multilevel governance as the micro-projects have to be embedded in a (regional) local strategy and a (regional) local action plan. For instance, the approach could be integrated easily into the ROP process of both counties. The approach stimulates a process to overcome barriers between departments and external organisations/NGOs' initiatives because a 'county' or 'local monitoring or steering committee' has to decide who will be the final beneficiaries of the local social capital fund. The keyword 'participation' is crucial for the approach: the local people or representatives of local groups are invited to join the decision-making process. In our Berlin example we observed that the decision-making process by the local (district) partnerships, which is essential in order to select the 'right' projects, was sometimes even more important than the projects themselves.

The LSC responds very well to the scarcity of resources: with relatively small amounts (€10,000 in Croatia due to the different income levels; it could be even less money per micro-project) you can move considerably towards local economic and employment development and in particular towards fostering social cohesion.

Integrated into the framework of the ROP strategy or another kind of a local action plan, the LSC approach enables the completion of traditional employment strategies such as training measures or wage subsidies. Single actions can be undertaken to reach the 'hard-to-reach groups', to develop new employment opportunities or to foster small initiatives and networks between NGOs or businesses, for example. The MicroProject type 3 is an appropriate tool to prepare or to coach business foundations and social enterprises – a type of enterprise which may also be appropriate for Vukovar-Sirmium and Varazdin.

In both counties of Varazdin and Vukovar-Sirmium we are facing problems in border or remote rural areas. In Germany, the programme was successful not only in urban but also in rural areas because the micro-projects and the rationale behind it brings people together even if they live away from each other. Small, flexible resources can also be provided for the agricultural sector and rural initiatives.

The approach addresses and stimulates the civil society. In particular in Vukovar, but also in Varazdin there are a lot of NGOs and other small initiatives. The LSC approach is tailor-made for these initiatives, which often have no access to national, EU, or other funding opportunities.

In the German LOS programme, an additional special thematic focus is on 'Tolerance and Democracy' (*i.e.* micro-projects which address, for example, intercultural or multicultural and inter-religious dialogue, ethnic minorities, or actions tackling xenophobia) and these may be also useful in Croatia.

Reasons for the success or failure of the approach

The LSC approach is successful because it stimulates local action with 'tiny' resources which can be 'unbureaucratically' and very quickly distributed to different actors and actions. 'This is local money for local people', as a resident in Berlin Neukölln once noted. However, it is crucial that the micro-projects be embedded in a local or regional strategy or action plan committed by regional stakeholders and addressing overarching goals of participating localities, otherwise the single projects will not have any impact. One success factor was the financing by 100% EU (ESF) means. This made it easier to convince local politicians and local authorities to use this option. A critical point for programme implementation was the

bureaucracy due to the dual legal framework: one has also to take in account EU and national regulations. However, most of the initiatives which are in the programme focus have no experience in accountability and are unable to follow such complicated rules. Therefore, a very stable, professional and close accompaniment structure is essential for the programme's success. The evaluation of the European Union pilot action and the German programme too recommended that an intermediary (or a very professional local department as a co-ordinator) should be used, receiving up to 20% of the budget to ensure appropriate guidance, monitoring, accountability and dissemination of the programme.

The German Federal programme is limited to so-called 'areas with special development needs', according to the parallel German national programme 'Socially Integrative City' (*i.e.* 440 Germany-wide areas have been defined as 'areas with special development needs'). This sometimes raises the question of 'over funding', which should be avoided. (This means that some of the areas which received funding by the programme have proved to be too small in terms of square miles, inhabitants, and percentage of vulnerable groups in relation to the different funds which had been allocated to them, whereas other areas, often in the neighbourhood of those officially-defined areas of 'special development needs', did not receive any funding at all).

The obstacles faced and the quality of the response provided

At the beginning of the last funding period of the ESF (2000–2006), the national and Länder governments did not use the programme, even though it was available under Art. 4 and even though it was 100% ESF-financed (which is very unusual as in all other EU programmes, national or otherwise, co-financing is compulsory). This reluctance was partly due to the fact that politicians and the administration at the national and regional levels distrusted both the local approach and the intended impact or contribution of small micro-projects/grants. The mainstream employment and social cohesion policies were concentrated on central and 'heavy' instruments, applying them everywhere in the same manner. However, the experiences since 2003, when the programme was initiated, were encouraging and convincing from the beginning due to the commitment of local stakeholders and the successful dissemination of the LSC approach at the local level. It eventually became increasingly obvious that the LSC approach met largely the real needs of local people and initiatives.

However, it was important that the national level required certain prerequisites, which were compulsory for the eligibility of the programme applicants, these include: (1) a sound local action plan, (2) an efficient local co-ordination office, (3) a steering committee which decides autonomously on the micro-projects, including local residents and/or target group representatives, (4) the gender mainstreaming approach (5) the establishment of a monitoring and evaluation system right from the beginning. Thus, the programme started with a 'call for proposals' and only local authorities and local areas were selected, which guaranteed by contract to pursue the goals, the strategy, and the methodology described above. Furthermore, it was crucial that the programme be accompanied by an intermediary, who organised regional conferences for exchanges by local co-ordinators in the regions and provided counselling and central application, monitoring, and accountability tools.

Considerations for adoption of this type of approach in Vukovar-Sirmium *and/or Varazdin or in other Croatian cities*

As described above, in Germany (and other EU countries) we had a two-fold LSC approach: one at the national (LOS) level and one at the regional level. We assume that it will not be possible in a short- or mid-term perspective to implement a national programme for the whole of Croatia. Thus, it could be easier to set up a pilot programme in both regions, taking into account all the experiences at European and German levels. The advantage: a formative evaluation could determine the outcomes and impact of the LSC approach in two very different regions: in one of the most developed counties (Varazdin) and in one

of the most deprived counties (Vukovar). The financing of the programme may be enabled by the pre-acession funds.

Furthermore, we would recommend a dissemination process in advance, to inform the local residents of the new programme. A public call for proposals is necessary, as there may be a lack of good ideas at the beginning and the best ideas should be selected in order to put them into practice. The project proposals should be submitted to a professional intermediary for formal pre-selection, based on agreed indicators, and finally decided by a committee at the county level, which could be the ROP steering committee, accompanied by regional (local) citizens and/or small initiatives.

A transfer of this model to the Croatian context could be organised by the gsub mbH.

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Co- operation between enterprises and Universities of Applied Sciences, ubb, Berlin[17]

Description of the approach (aims, delivery, budget, etc.)

The Environmental Information Systems in Berlin Enterprises, the '*Umweltinformatik in Berliner Betrieben'* (ubb) is an example of a win-win co-operation between the University of Applied Sciences and its surrounding region. The ubb project provides a framework for creating business and practice- oriented links between the Berlin business community and current research at the University of Applied Sciences of Management and Technology; FHTW (*Fachhochschule für Technik und Wirtschaft*). Together with students from the Business Environmental Information Systems (*beis*) course, Berlin enterprises develop individual solutions to tasks having a theme related to the environment. The ubb approach thus creates a win-win situation for the study course and the co-operating local enterprises as well as for the city of Berlin.

The aim of the ubb project is to integrate expertise and the research results from the beis course into business practice in the setting of workplace-based training projects. In consequence, ubb furthers the development of the environment-relevant potentials of Berlin businesses by sensitising and qualifying the employees who are involved in the co-operation project. At the same time, the students make their first experiments in planning and carrying out practical projects at Berlin industry.Collaboration between the beis course and the firm takes place in the context of enterprise projects during the Master's course or specialised practical placements during the Bachelor's course. These co-operation projects are coached individually by the staff of the FHTW University.

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[17]   This international learning model provides inspiration in particular for Vukovar county.

The ubb project ran from 2004 to 2007 as a model project, co-financed by the Berlin Senate for Economy, Labour and Women's Issues and the European Social Fund. The Berlin Senate actually plans to develop further the ubb approach as a cross-university project between three Berlin Universities of Applied Sciences and to widen the range of co-operation themes beyond environmental topics. The ubb model project showed that there is a need for individual qualification and training on the job for the companies' staff in Berlin. It turned out that SMEs especially do not train their employees as a result of lack of adequate qualification offers. The co-operation between companies and local universities has the potential to fill this gap.

Project costs were planned for programme management, ongoing evaluation, the acquisition of co-operation partners, and the coaching of the student projects. The overall costs totalled €580,000 over the three-year project period.

Why the approach is relevant to Vukovar-Sirmium

We chose this project for Vukovar-Sirmium as the analysis demonstrated that there could be a better co-operation between the university and Vukovar-Sirmium County. The E-Vukovar project, the Cisco Academy and the Microsoft Academy at the Polytechnic of Applied Sciences in Vukovar are cornerstones for a better co-operation between the university (college) and the surrounding city and county or, more generally, between Higher Education Institutions (HEI) and enterprises. We assume that the co-operation between local enterprises and HEIs can be developed further for their mutual benefit. The college can be a driving force to foster a more knowledge-based society in the region. Currently, most students leave the Vukovar-Sirmium region after completing their studies. This could be changed through a closer co-operation between the universities/colleges and the enterprises and public institutions. In the best case scenario, new jobs can be created or students can enter existing jobs upon graduation supported a priori through the project. In co-operation projects, like the one we propose, the company's employees are trained to do specific jobs, while carrying out a workplace-based project with the students.

Reasons for the success or failure of the approach

Threats and weaknesses

- The co-operation projects between HEI and enterprises have to be designed, planned, and coached very carefully. In particular, if partners (company, students, and university staff) do not know each other, the risk of misunderstanding and time-consuming co-ordination is evident.

- University and private companies work with different cultures, methods, approaches, and constraints on both sides. This can cause conflict, which can be resolved by regular communication.

- Students seem to have a tendency to plan larger projects than they can handle in the foreseen project time. It is important that the design of the co-operation projects and the planned tasks are realistic and implemented within the scheduled timeframe.

Strengths and opportunities

- The practical benefit for the companies in 'using' the expertise of the universities (HEIs) is obvious, and is demonstrated by the positive feedback generated during the evaluation.

- Qualifying company staff is not easily done, especially in SMEs. This is due to the fact that often the offered qualification courses do not cover the actual needs of the company or the single

employee. Workplace-oriented qualification, initiated by co-operation projects such as the ubb projects, can be a solution through up-skilling the employees on the job.

- The biggest factor for a successful implementation of such local co-operation projects is motivated staff at the university who are interested in the companies' practical problems. They guarantee the actual knowledge transfer to the companies and therefore the win-win situation for the enterprises and the university. In the long term, this can affect the whole local economy.

- The Master's students are actually experts who develop individual solutions for companies' problems. This can be the basis for further co-operation between the businesses and the university, leading to further innovation and eventually the creation of spin-offs.

The obstacles faced and the quality of the response provided

At the start of the programme, implementation and organisational problems in the co-operation projects arose and were solved by frequent communication between the external project management (gsub) and the university staff. gsub also acted as a broker between the companies and the university project teams. The start of the individual co-operation projects needs more intensive coaching by the specialised university staff. Regular presentations by the students on the project's progress minimised mismanagement or misleading efforts.

A former attempt to implement the ubb project failed because the university staff was unable to convince the companies of the project's added value. The external programme management (gsub and BS&U) was needed for the project to succeed. The two bodies organised the contact with interested companies and trained the university staff to develop further the business contacts into strategic partnerships and to gain new future partners.

Considerations for adoption of this type of approach in the Vukovar-Sirmium County

The ubb approach is conducive to adoption by a willing and motivated university which has an interest in the local economy's practical problems. In addition, a partner able to reach and motivate the local enterprises is necessary. Business management or owners must be open to the approach. An intermediary or a well-trained person who is accepted by both sides should translate between the two cultures. The support by the local authorities and entrepreneurial associations is necessary to implement the new approach and to facilitate the dissemination of project results.

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'Business Recruiting Package' - Land Berlin and the Berlin Partner GmbH[18]

Description of the approach

As recommended above, there is already a lot of potential in Varazdin for attracting investors and permanent restructuring. The 'Business Recruiting Package' as a Berlin approach can support further this positive development.

Since 1991, gsub has gathered substantial experience in specific segments of human resource management. For example, gsub has implemented personnel procurement and personnel recruitment projects, particularly involving applicants who had formerly been unemployed (pre-selection, assessment). As a result of structural change, mass redundancies are often taking place, especially in large firms. In this context, gsub has implemented personnel transfer programmes, *i.e.* programmes to qualify, train, and transfer employees to new jobs in cases where personnel reduction is unavoidable. Moreover, gsub has been supporting Berlin businesses since 1994 in the creation and maintenance of jobs by utilising various kinds of support programmes. In this context, gsub – in co-operation with the Berlin Partner GmbH has set up a unique personnel recruitment and procurement service for companies in Berlin: the "Business Recruiting Package" (BRP).

The BRP is a new service operating since 2005 and comprising two components (two-fold approach):

- Module 1: personnel recruitment aimed at companies seeking to hire new staff (Budget 2006: €347.000)

- Module 2: employee training aid (in-company training) to raise skill levels in the workforce of medium-sized and large companies in alignment with regional/local needs and current EU regulations (Budget 2006: €1,350 Million)

This service is unique throughout Germany. The BRP provides free, one-stop support. This offer is made available through co-operation between the following partners: The Berlin Senate (government), the Department for Economic Development, Technology and Women, Berlin's Regional Public Employment Service, gsub Social Business Consultancy, and the Berlin Business Development Corporation (BBDC). The latter is the one-stop-agency for investors in Berlin and provides a broad variety of services and incentives in order to attract investors who tend to move to Berlin.

a) Module 1: BRP Personnel Recruitment:

The concrete service offers of the Business Recruiting Package are:

- Job description

- Job announcement

- Pre-selection/Assessment centre

- Job application management

- Training measures

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[18]   This international learning model provides inspiration in particular for Varazdin county.

- Information and placement of special support programmes for recruitment

b) Module 2: BRP Employee training aid (in-company training)

The Employee Training or In-company Training Aid *(German: 'Anpassungsqualifizierung')* is the other module of the BRP, an extensive programme of specific and general training to be carried out in Berlin companies. The primary objective of the training is to raise the skill level in Berlin's workforce.

Additionally, the project supports universal training in lean production techniques with a view to improving the effectiveness and the personnel's performance level.

Enterprises will be funded in the following circumstances:

- Reduction or closure of important plant sections;

- Relocation of the whole enterprise or important plant sections;

- Fusion with other plants or division of plants;

- Basic facility site changes; and,

- Production of basically new or radically changed material and immaterial goods.

The basis for funding is the EU regulation 68/2001. The funding predominantly covers internal training of employees.

Why the approach is relevant to Varazdin

If Varazdin is to compete in the global knowledge society, it must invest more in its most precious asset - its people. The productivity and competitiveness of Varazdin's economy are directly dependent upon a well-educated, skilled and adaptable workforce which is able to embrace change. We chose this topic as a learning model for Varazdin on the one hand in order to support the large companies in structural change and to avoid unemployment through transfer models. The Varazdin city and county has long-term experience in this field and the already proven models and strategies of the city - how to cope with structural change after socialist times - have been described as one of the key success factors of the city and the region (see 'Strengths and Weaknesses' chapter). Thus, the approach for this learning model in Varazdin is 'to strengthen further already existing strengths'. Moreover, due to the successful economic development in Varazdin, it is necessary to improve staff recruitment strategies as there are mismatch problems and a lack of a highly-skilled staff.

On the other hand, the personnel recruitment module of the Business Recruiting Package is geared towards foreign companies looking to relocate their offices and/or expand their business activities in a region's growth sectors. In order to stabilise or foster these sectors, the recruitment of qualified staff is of major importance.

The Employee Educational Aid module of the BRP aims at company restructuring and employee training, which also is important for Varazdin. Croatia (and here Varazdin) has to develop its own area of excellence and comparative advantage, which inevitably must lie in a commitment to the knowledge economy in its widest sense. In a global economy, Croatia and its sub-regions have no choice but to improve radically their knowledge economy and underlying economic performance if they are to respond to the challenges of Europe, Asia, and the US.

The other challenge comes from the enlargement of Europe. Growth and employment are here the two sides of the same coin.

Reasons for the success or failure of the approach

The expertise, experience, and language skills of the regional labour force have proven to be of great assistance when accessing new markets. In Berlin, over 19,000 students graduate each year from regional universities and colleges; personnel costs are approximately 20% lower than in other major cities in western Germany; people work longer hours on average than in Scandinavia, the Netherlands, Belgium, and France; and working hours are also longer and more flexible than in western Germany.

These facts attract investors to establish businesses in Berlin. The trick now is to combine the qualified workforce with the employers' needs. Very often this matching process is done by either service providers or institutions (which do not work together) and, if not, the companies are unable to find the right people.

The BRP builds a bridge over both gaps. The possible services offered by public institutions such as the Public Employment Service (labour agencies) and ESF-funded projects are combined and directed towards the company as a <u>one-stop agency</u>. The employers only have to discuss their job profiles with one contact person, which then groups all the different services so the recruitment is provided by one source in co-operation with partner organisations.

The experience and network of the project's staff members is very important. They are business professionals who can cope with the different job profiles which the companies offer. Whatever they look for, a hybrid engineer or a helpdesk officer in a customer care service centre, the project has the right channels and contacts to find the right people. Most of the companies which have successfully used the BRP will later provide testimonials to attract new companies to set up new business in the region or expand.

One example in Berlin is the company Gillette, which was acquired by Procter & Gamble in 2005. Major companies are expanding towards East and often Poland is chosen as preferred location for new plants. This threat could only be overcome in Berlin by up-skilling the workers to raise productivity.

Very often, the first budget to be cut in case of a crisis is the budget for internal (in company) or vocational training. The fund of the 'In-company Training Aid' in Berlin assisted many companies to absorb this lack so that the training could be carried out.

The main results were the preservation of jobs and even the creation of new jobs. Overall, the funding is an investment in human capital and helps to strengthen the employability for employees and workers.

The obstacles faced and the quality of the response provided

All services must be custom-made and the Business Recruiting Package services must be combined efficiently with one another, making it possible for investors to take advantage of the package effectively at short notice.

To be successful, all relevant stakeholders must be convinced to work together and combine the different services. The main argument is the strengthening of the region as a common goal, personal concerns should be postponed. This obstacle was overcome when a round table was established and in this high-ranking group of experts the content could be outlined so that services could be combined effectively.

The two main obstacles in the personnel procurement or educational training aid module have been:

- Restructuring is often combined with crisis, redundancies, etc.; and,

- Restructuring is difficult and sometimes combined with insolvency (bankruptcy);

Both difficulties led to very passive behaviour by these companies towards 'begging' for (claiming) public support. Sometimes the requests for support arrive too late. ESF-Funding strictly bans financing such cases.

In Berlin, we found it helpful to work with company accountants.

Considerations for adopting this type of approach in the Varazdin or in other places in Croatia

The following implementation steps could be taken:

- Selection of branches searching for new staff (*e.g.* call-centres);

- Roundtable of relevant stakeholders;

- Definition of project leader (intermediary or department of an institution);

- Assurance of funding (either ESF or IPA);

- Searching for professional team members and professional services; and,

- Project visit in Berlin.

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Perspective 50plus – Employment pacts for older workers in the regions[19]

Description of the approach (aims, delivery, budget, etc.)

In 2005, the German Ministry of Labour launched a 'call for proposals' as an competition idea addressing all 444 local job centres across Germany (*i.e.* a special kind of Public Employment Service for the long-term unemployed and the unemployed with no legal right to unemployment benefit I, founded in 2005 after the modern Labour Market Reform 'Hartz IV'. Since then, these new institutions have been in charge of the majority of Germany's unemployed).

Sixty-two employment pacts were chosen for promotion, involving 93 joint agencies and licensed local authority agencies nationwide. The successful projects received a total of €250 million in grants to implement their ideas and schemes. At the same time, in order to develop further the competition idea, the

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[19]   This international learning model applies for both counties.

activities of all employment pacts were consolidated in the new Federal programme entitled, '*Perspektive 50plus Beschäftigungspakte für Ältere in den Regionen*' (Employment Pacts for Older Workers in the Regions).

The aim of the programme is to increase the employment chances for those over 50. Another aim is to find regional solutions by addressing and convincing the regional or local companies, the workers themselves and the public, of the advantages of older workers and to reduce the barriers for their access to the labour market. The programme was delivered by the Ministry of Labour supported by the gsub mbH Berlin as a service provider with a duration of two years (2005–2007). A formative evaluation was implemented by contracting the IAQ Institute in Gelsenkirchen, now Duisburg.

Up to June 2007, more than 16 500 former long-term unemployed over 50 years of age have so far been integrated into regular jobs (by the end of the programme in 2007, an integration rate of 20,000 is expected). Because of the tremendous success of this programme, the German parliament and the Ministry recently decided to extend the programme until 2010. For the next three years, a similar budget is expected as for the first two years.

The pacts show what's needed for success: that industry, trade unions, joint agencies, local authority agencies and the actors in the regions pull on the same rope with all their strength and in the same direction to create more jobs for older people,' said Federal Labour Minister Franz Müntefering at an annual meeting of the Federal programme 'Perspektive 50plus'.

During the two-year implementation phase, the pilot projects will be closely monitored and evaluated by professionals. The focus is on forming and intensifying regional networks and supra-regional dialogue between the projects. This process is supported by regional workshops with the project participants and a joint communications platform allowing structures to form which go beyond individual regions and the two-year grant period, and provide lasting support for the integration of older workers in the general job market. In addition, particularly successful projects can become the basis for nationwide strategies and solutions ('best practices').

The diversity of the approaches supported by the Federal 'Perspektive 50plus' programme is remarkable. Some of the projects aim to enhance collaboration between the regional actors to create more jobs for older workers by founding regional associations and forming regional alliances. Other pacts focus on directly addressing employers and specifically encouraging them to hire older workers. Others again pursue a core idea, for instance, by consciously linking environmental policy objectives with labour market policy measures, *e.g.* in the housing or renewable resources sectors. The Federal government's EUR 25 billion investment programme for research and innovation creates the appropriate good overall conditions for this. Last, but not least, some of the pacts test new instruments or experiment with an innovative combination of instruments, resulting in effective integration strategies for older workers.

Why the approach is relevant for Varazdin and Vukovar – Sirmium

The employment rate of older workers (55 to 64) in Croatia was 34.3% in 2003 whereas it was 43.5% on average in the European Union (data from Eurostat). The interviewees from the Regional Employment Services in Vukovar-Sirmium and Varazdin both stated that the older workers are one of their most important target groups, in particular the women and the long-term unemployed amongst them. The demographic change and the top European issue of 'Active Ageing' also affect Croatia. As noted in the 'Strength and Weaknesses' chapter, in Varazdin, for instance, people of 45 years of age or older represent 44% of all unemployed. Additionally, this approach fits perfectly within the partnership strategy because it is a regional or local approach, based on a reliable network by regional social partners, local authorities, universities or higher education institutions, etc.

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Reasons for the success or failure of the approach

As the interim results of the approach in Germany show, the success was predominantly attributed to the delivery procedure, concretely, the 'free budget' given to the Local Employment Services by the Federal Ministry. This means that there were – apart from the general rules of expenditure for a public institution – no special guidelines, limitations or additional rules for the pacts. They could decide on their budget on the basis of their 'idea description' from the beginning of the project. This includes the opportunity to give up projects which did not work and to launch new ones, *e.g.* as a 'copy' of a successful pact. Secondly, the regional meetings and the close co-operation within the pacts and between the different stakeholders has so far been a success factor. Thirdly, it turned out that those pacts which were particularly successful chose activating and individual coaching for the older long-term unemployed. The placements were particularly successful in small companies supported by wage subsidies or other strategies to attract employers to the older workers (*e.g.* instance pre-qualifications, up-skilling, in-company training).

The obstacles faced and the quality of the response provided

At the beginning, the new job centres had problems concentrating on the target group of the older workers as they were focused on the young unemployed or were still busy with setting up their (new) institutions. Some of them were reluctant to join an 'additional' new programme, being afraid of the additional work. However, this changed through the programme implementation. As a solution, the Employment Services (local job centres) commissioned professional training providers, consultants, and other specialised institutions to do the work but kept the responsibility and the decision-making processes. The thematic-oriented regional workshops provided by the National Ministries and the gsub supported the exchange of know-how across the several pacts. No further external input was necessary.

Considerations for adoption of this type of approach in the Varazdin or in other places in Croatia

The 'Perspective50plus programme – Regional Pacts for Older Workers' is a national programme within the wider 'Initiative50plus' of the Ministry of Labour and Social Affairs and the German National Government. Thus, the transfer to Croatia should be addressed at the national level, otherwise it could make sense to pilot two initiatives for (long-term) older workers in Varazdin and Vukovar-Sirmium based on the experiences of the 'Perspective50plus' programme and of other European countries. The topic is very much in the European Commission focus so there should be a good chance of additional funding. The German programme in the first period (2005–2007) was financed only by national means. In the second period (2008–2010) the regional pacts for older workers will be requested to find additional means, for instance, by the ESF (European Social Fund) or other resources.

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MAKING PARTNERSHIPS EFFECTIVE IN THEIR CONTRIBUTION TO LOCAL DEVELOPMENT: CONCLUSIONS AND RECOMMENDATIONS

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Introduction

Local, or area-based partnerships between different development actors, be they private or public in their nature, attached to voluntary and community-based organisations, the business sector or others, with the aim of designing and implementing a local development agenda are an integral part of local development. The term "partnership" is used with different notions and often defining lines seem to be blurred between contractual arrangements in service and programme delivery and consistency in the objectives and activities of partners, resulting from a shift of boundaries and responsibilities in addressing social and economic development challenges. Local partnerships can be formal on informal in their nature.

Non-formalised partnerships and alliances are all over the world part of the local development agenda. In the European context, the 1993 White Paper by the European Commission on "Growth Competitiveness and Employment"[20] bundled the initiatives brought forward by various programmes and supported the establishment of the Territorial Employment Pacts (TEP). Some of these TEPs exist still today, but, most important, this process helped to embed the "partnership principle" in social and economic policy across Europe. In some countries a process of increased institutionalisation resulted in the establishment of local partnerships for development in the form of registered companies, non-for-profit organisations, or multi-agency partnerships that receive government funding for maintaining a permanent organisational structure and delivering a prior agreed programme of work. This is the case in Ireland, Austria and the UK, to name just a few country examples.

Previous OECD research on local governance and partnerships brought to light an assignment to partnerships by governments for the implementation of a "local governance agenda"[21], which foresees partnerships to:

- pursue a policy goal, such as stimulating economic development and regeneration, promoting social inclusion and community cohesion, improving the quality of life;

- seek to attain this goal mainly through increasing the degree of co-ordination between policies and programmes across government services and levels, and adapting them to local conditions and community needs;

- pilot new projects and services; and,

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[20] EC (1993): White Paper on growth, competitiveness, and employment: The challenges and ways forward into the 21st century, COM(93) 700 final. Downloadable copy at http://europa.eu.int/ISPO/docs/htmlgenerated/i_COM(93)700final.html.

[21] OECD (2001): "Local Partnerships for Better Governance", OECD Paris, p. 20, adapted.

- involve local actors in the definition of priorities and the design of strategies and action plans, as well as enhance co-operation during implementation and delivery of wider strategies and programmes.

The development of adequate participation and co-ordination mechanisms, resulting from decentralisation and devolution processes, which enable the involvement of different actors across all governance levels in policy design, delivery and evaluation, while keeping the balance between effectiveness and efficiency, will be a major prerequisite for making the "local governance agenda" work.

Regardless of whether the contribution of local partnerships is directed towards the delivery of policies and programmes, or the partnership aims at influencing public policy, in terms of the establishment of targets and objectives or the way delivery happens, local partnerships will operate within multi-level governance arrangements. There are preconditions that would need to be fulfilled by both government and local partnerships, if the latter are to become effective in their work. These include "(i) the need for government policies which are flexible and adaptable to change; (ii) the need for channels of communication within multi-level governance arrangements that are open to inputs from the bottom up; and (iii) the need for recognition within the policy process of local diversity and the value of evidence from practice. The local partnership on the other side, needs to: (i) ensure transparency and accountability of partnership structures; (ii) work on the basis of sound local knowledge and expertise, making reference to local data and indicators; (iii) demonstrate a strategic approach which goes beyond the delivery of projects and programmes and can adapt to changes in a globalised economy; (iv) demonstrate capacity to enhance policy outcomes through appropriate monitoring and evaluation; and (v) network partnerships at the national level and learn lessons form international experience to ensure efficient dialogue with government."[22]

Local partnership development in Croatia: challenges and opportunities

Since Croatia's 1992 independence, the Government has sought to establish an appropriate balance between centralised and decentralised policies to foster overall economic development aligned with local conditions and context. In 2000, the Social Democratic Party-led coalition Government initiated broad-based decentralisation to bring the public affairs closer to the citizens and businesses. In 2007 the national, regional and local governments continue to negotiate the terms and pace of the division of responsibilities, roles, and authorities.

In the Croatian policy context, the notion of "partnership" is stated in a number of policy documents. The most prominent ones include (i) "Local Partnerships for Employment (LPE)" in the field of employment policy; and (ii) "County Partnerships" for regional policy and local development. The 2005 National Strategy for Regional Development, although endorsement by the Croatian government is still awaited, can be considered the main framework document for these organisational developments. Some of the documents are promoting co-operation between different levels of government, which supports local partnership agreements and the establishment of local strategic alliances. However, conditions for inclusion of the non-governmental sector organisations seem to be still difficult. Previous reports commissioned by the Croatian government state that "most of this co-operation is amongst different level of public legal entities (ministries, administrative organisations, local and regional units, public utilities).

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[22]   OECD LEED Forum on Partnerships and Local Governance (2007): Vienna Action Statement on Partnerships. Presented and endorsed at the 3rd Annual Meeting of the OECD LEED Forum on Partnerships and Local Governance, on 1-2 March 2007.

There are no indication and clear criteria for involvement and active participation of non-governmental subjects (citizen's associations, entrepreneurs associations, social partners, etc)".[23]

Against the backdrop of continued negotiations between the different levels of government an issue of equal significance is the local and regional governments' leadership in terms of policy coordination and implementation. These governments are after all closer to the people and the local environment which puts them in a unique position to establish communications networks and democratic structures. Furthermore, counties and local governments are able to leverage their public functions through locally-developed partnership structures and mechanisms.

USAID's Local Government Reform Project (LGRP, 2000-2007) has been at the forefront of the local government agenda setting tackling decentralisation and developing local government capacities and competencies. Areas of assistance included asset management to generate local revenues and introduce transparency to engage the public and media in local affairs. Similar motivations led to successes with local budgeting and capital investments, e-government systems and economic development strategic planning that bring local stakeholders, including national and regional governments, into the consultative and decision-making process. Several USAID-assisted communities partnered with leading non-government organisations (NGOs) to address pressing issues like drug dependency, health care and community action groups. Many cities adopted the NGO Charter to transparently and equitably administer government funding to local NGOs to form a cooperative mechanism between the city and its NGO community.

Such activities attest to the local government sector capacity and interest to forge partnerships. And local governments have demonstrated the inclination to partner with different organisations, from NGOs to business associations and the central government. Cities have been instrumental in the analysis and design of Croatia's public procurement system. Based on the local studies and consultations USAID developed a public procurement manual in cooperation with the EU and the Government Office for Public Procurement. The Government of Croatia will continue to revise the public procurement system with active involvement of local governments and the rest of the public sector, to keep up with EU procurement standards.

The public administration of the LGRP programme also attests to the partnerships at the local level. The programs currently run at four institutions of higher learning throughout Croatia: Universities of Zagreb, Split, Rijeka and the Zagreb School of Economics and Management. These institutions conduct mid-career professional trainings that bring together the academics, practitioners and local government professionals. Local governments increasingly demand consultations and answers to complex issues facing the local communities and political appointees require education and training in public management. The above institutions have recognised this opportunity and have, in fact, established continuing education centres to meet this long-term demand. The academy-oriented universities are beginning to recognise the benefits of establishing relationships with private and public sectors to re-evaluate academic approaches through empirical evidence and improve access to research and development.

Local governments have also explored outsourcing as a means of reducing costs and accessing technologically advanced goods and services without making large in-house investments. Although this may not be seen as partnership formation, its development is evidence of local governments' capacity to innovate and seize a market opportunity for public benefit.

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[23] Ecorys (2004): "Analysis of Regional Development in Croatia", part of Strategy and Capacity Building for Regional Development (CARDS 2002 Programme for Croatia).

In 2005, Croatian cities from Dubrovnik to Karlovac and Istria recognised the opportunity to forge twinning relationships with progressive U.S. cities and regions. Common local challenges and opportunities brought the city leadership to explore sound approaches and strategies to solve economic and social issues and lay the foundations for long-term inter-city relationships based on mutual trust and confidence.

The above examples give some insight and inspiration to partnership building throughout Croatia. This is not to overlook the obstacles that may be roughly divided into organisational and individual. Local governments, like the public sector, best function in a stable (bureaucratic) environment with hierarchical structures. On the other hand, partnerships demand increasing degrees of inter-organisational communications and coordination. Although this challenge may be somewhat addressed by strong political vision and leadership, it nevertheless must involve organisational support and leading group networking. Initially, top management support would be paramount to launching the whole effort, and ultimately to its success or failure. Lastly, the middle management and professional staff will need to be convinced of its benefits and have the top level support to carry out its mandate.

The review process brought to light a set of important opportunities and strengths which build a solid base for the establishment of local partnerships that could be tasked with a local governance agenda. These include the above mentioned wide-spread reference to partnerships in policy strategies and documents, the imminent accession to the European Union and the availability of pre-accession funding that promotes local development action, access to international best practice and various opportunities for transfer of know-how and inter-agency international learning. To this list, which is by far not exhaustive, a much longer list of local assets can be added, which enhance partnering at local level.

The transition of a formerly centrally planned political and economic system, which had offered some limited space for decentralised decision-making, is characterised by a tendency to recentralise the policy arena and increase the role and relevance of central government agencies. Hence, the County Partnerships and, even more, the Local Partnerships for Employment risk to be considered a trial and error approach rather than a long-term approach to modernise the policy arena through an increased participation of alliances of public and private actors. Further, also recent developments in region-building might make it difficult for partnerships to find the appropriate jurisdictional level for their operations. In places with a long tradition in local self-government and/or 'naturally' grown territorial units, the on-going debate on the appropriate size of territorial agglomerations for local development programming and planning gives room for further thinking about a distribution of roles, responsibilities and duties between central government and new forms of local governance, such as partnerships, in identifying and satisfying local needs.

The recurring theme of this publication of moving beyond the project-based partnerships into sustainable relationships may benefit from the economic tool of resource based view. It espouses the need to look at organisational core competencies and unique characteristics which determine its competitive advantages. In the partnership context this may involve not only the individual organisations competencies but also the overall and bilateral synergies partnerships will generate. In short, it will take the right mix of demonstrated local government capacity to lead and the central government responsibility to assist and facilitate the local government sector in their common goal to address economic development in a coordinated and partnering approach for the benefit of the citizens and the local businesses.

Local partnerships in Croatia, although only it their first steps, find themselves with a steadily growing number of tasks. To accomplish these tasks effectively, a number of different contextual factors are important: a supportive local community and an enabling institutional framework at local and higher tier levels, dedicated partners aware of the costs and benefits of partnerships; and an effective core partnership structure.

Overall policy recommendations

The review process identified the following three main areas where intervention is suggested for a strengthening of local partnerships in what they contribute to local development:

- Increase co-ordination and integration between different policy areas at national level, concerning local development, and allow, for example through the establishment of an intermediary body, for a greater communication and exchange between local partnerships and central government institutions. Clear guidance for the work of partnerships, while maintaining the necessary flexibility, will be a pre-requisite for more effective partnerships.

- Enhance joining up efforts at local level within the framework of a local development strategy and establish a wider umbrella partnership that can be tasked with a greater role in the design and implementation of the strategy. Further, regular opportunities for organisational development and specialised training for the partnership and its partners should be provided.

- Assist in the establishment of strong performance management, monitoring and evaluation systems that would provide government and the wider community with information to measure and assess the contribution of partnerships to local development, thereby giving greater incentives to high performance.

These three main areas of intervention are discussed in turn below. Key issues arising from the review will be illustrated by existing practices in the Croatian and international context.

National support framework for local partnerships

Local partnerships will need to rely on a supportive framework at national level if they are to become more firmly embedded in local governance and if they are to maximise their contribution to local development. The role of central government and its agencies is crucial in establishing a sufficient space for partnerships in legislation, providing policy guidance to establish the framework for local partnership, such as the national guidelines for County Partnerships, and communication channels and mechanisms to enhance, manage and monitor local partnership performance.

The supportive role of national government would also need to include the provision of adequate financial and human resources for local partnerships. The Vienna Partnership Action Statement underlines that a solid, sustainable financial basis for operation, covering the partnership's overhead costs, is "key to enabling partnerships to take a long-term view on local issues and problems and contribute fully to better policy outcomes".[24] In order to secure this financial base from public or other sources, the partnership will have to demonstrate its ability to deliver and to be innovative in contributing to local development.

An effective partnership depends from a close collaboration between agencies and stakeholders at local level, but all the same also effective co-ordination within and between line ministries is of crucial importance to the work and performance of local partnerships. Innovation in policy can only match with the different stages of the policy processes, if procedures and regulations are flexible enough to allow for a contribution of local agencies to established local priorities, when implementing national policies and programmes against a set of national targets. Overcoming disconnections between the Ministry and the

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[24]   OECD LEED Forum on Partnerships and Local Governance (2007): Vienna Action Statement on Partnerships. Presented and endorsed at the 3rd Annual Meeting of the OECD LEED Forum on Partnerships and Local Governance, on 1-2 March 2007.

regional and local authorities will therefore be a major development task. Local partnerships can be the context for this to happen.

It is important to create fluid and effective links between policies and strategies at national and local level. In a number of OECD countries co-ordination and support are not provided by ministries, but by an intermediary agency which has been assigned with the responsibility to provide support to local partnerships. In Croatia, the Office for Social Partnerships is partially fulfilling this task. The efficacy of an intermediary organisation would depend from its status within government and from functioning communication channels that would allow the intermediary to bridge and accommodate between government and local partnerships and what might be very different interests, expectations and demands. To increase both vertical and horizontal communication and co-ordination takes time and requires consistency. An intermediary will have to change processes skilfully while ensuring delivery of assigned tasks and demonstrate progress made against overall objectives and goals. The concepts of partnership, participative governance, local capacity building will however not be translated into practice without some commitment of resources both at the partnership level and at the level of an intermediary organisation.

Local partnerships should be strategic and at the same time in close contact with beneficiaries and the wider community to contribute effectively to the local development agenda. Finding the right level for their operations tends to be difficult for local partnerships, especially when local government consists of two tiers. In OECD countries with two tier local government systems, local partnerships are often being established at both levels. This might create uncertainty about respective roles and responsibilities, which bare risks of overlap, duplication or competition. Also, political tensions both within and between local authorities can inhibit local partnerships and lead to a total blockage of activities or a doubling of efforts through the establishment of a parallel body assigned with a similar repertoire of tasks. The provision of guidance in the distribution of roles and responsibilities, through national government, or, if existent, through an intermediary organisation, can be useful in the settlement of disputes and may lead to an optimised task allocation. However, the right level for operation needs to be decided by the partnership itself.

Key activities recommended for a national supportive framework that is enhancing the local development contribution of partnership, increase co-ordination and integration between different policy areas, and allow for a greater communication between local partnerships and central government include: establishment of national guidelines for the work of local partnerships; foster the preparation and dissemination of toolkits to assist partnerships in concrete issues; consider the creation of an intermediary organisation; organise national meetings for County Partnerships, Local Partnerships for Employment and other local partnerships to stimulate the exchange of experience and enhance mutual learning; facilitate debates about the right level for partnership action through an introduction of international show cases and moderated negotiations between conflicting tiers.

The experiences of other OECD and selected non-member countries demonstrate in some concrete cases how central government have thought to introduce these types of initiatives. The following selection of good practice has been presented in this discussion paper:

- In Romania the building process of local partnerships has been supported through a national framework and the establishment of permanent technical secretariats.

- In Ireland, POBAL has been established as an intermediary organisation that figures as a 'non-interested space' and assists partners at all levels to advance co-ordinated services and integrated approaches across government levels and amongst local partnerships.

- The "Renewal.net" initiative in England facilitates the generation and dissemination of information around partnerships and local development in form of an internet based platform and knowledge pool.

- The "Action Learning set on two-tier partnership working in England promotes a constructive dialogue about local partnerships operating across different tiers of government that increase clarity over respective roles at county and district level.

Making partnerships strategic in their outlook and local in their operations

Every practicable local development agenda needs a sound strategy that translates a local development vision into concrete objectives and action plans around jointly agreed development priorities. If a partnership were to contribute effectively to this, it would need to be both strategic in terms of influencing key actors and strategic development issues, and local in its outreach, as it needs to be in touch with the local community and its needs and interests. Developments across OECD countries show that the establishment of one 'umbrella' local strategic partnership following a joined local development strategy can make a maximum use of available funding by pooling existing sources, but also by attracting new ones. Such an approach also helps to secure synergies between a wider strategy and single development projects and initiatives. The emerging County Partnerships in Croatia seem to be still in the stage of consolidating membership and building communication channels, both horizontally at local level and vertically with higher tier government.

Being part of the local development agenda also implies an approach that goes beyond project implementation towards a strategy for the partnership that gets rid of traditional separated and often distant approaches in thinking, planning and working. It seems that in Croatia much of the current and recent partnership working is limited to specific themes or is linked to a specific task or funding source. This is already a good starting point, but important would be to do the next step and embed the principle of partnership working on a more broadly based and permanent basis.

For local partnerships to function effectively and to contribute to the local development agenda certain preparation and continuous maintenance is needed. The membership of the partnership should be inclusive and involve all key players, and open for new members, if the partnership work requires an enlargement. So far it has proved difficult to create alliances between different levels of governance, namely between county and municipality levels, in Croatia. Moreover, broadening the partnerships to take on board wider local concerns in the process of establishing economic development strategies has been uneasy. Strategic linkages need to be developed between stakeholders, not at least to avoid duplication and inefficient use of scarce resources.

Although being inclusive, local partnerships must ensure efficiency in decision making processes. Civil society organisations and NGOs should be equal partners to public agencies and businesses. OECD country experience shows a prominent involvement of local governments and their agencies in partnerships. This way the often occurring problem of resourcing local partnership structures is solved. Hence, the partnership structure needs to be robust enough to avoid local government taking an overly dominant role in the partnership agenda and membership issues. The involvement of the business sector proves to be a long-term initiative with lots of ups and downs. Here, the involvement of business representative organisations at first place, could prepare the ground for a later involvement of single businesses. Private firms in general would like to see a demonstration of the value added resulting from participation and an investment of time and human resources.

Partnership structures should be following the principles of trust, reciprocity and mutual advantage amongst partners and should hence be enabling all partners to make their contributions. In a partnership

leadership should be shared and must rely more on consensus building and the "wisdom of crowds", than on the exercise of authority.[25] Taking into consideration the organisational specificities of a partnership, it would be important to develop an approach of 'distributed leadership', in which several important actors jointly exercise leadership of partnership agendas. Strengthening communication structures amongst partners will help to settle conflicts of interest and contribute to maintaining effective management and operational structures within partnerships. The process to reach an agreement on (i) the use of outcomes; (ii) the planning and managing of a wider programme of work and single projects and activities; and, (iii) strategic priorities often bares conflict potential both between partners and towards the government counterparts, which if not addressed adequately may lead to disruptions of wider relationships. Here, the development of training programmes in prior assessment of strategic options, participatory evaluation techniques and conflict management can be helpful to enhance performance management, monitoring and evaluation practices.

Outreach towards the wider community is all the same important for a local partnership to develop and maintain its legitimate role in local development processes. Here, partnerships will need to develop regular information material to widely communicate about their work.

Effective local partnerships will have a skilled and motivated partnership team that is able to steer the work of the partnership in strategy building, to take over communication with partners, outreach to the wider community, and successfully represent the partnership in political negotiations. Training and development programmes to enhance skills and capacity can facilitate the exchange and dissemination of good practice and lessons learned, which in turn will contribute to the organisational development within partnerships. Most of the skills and experts knowledge will be already existent within the partnership. It is thus important to mobilise single partners to contribute with their expertise to the organisational development of the partnership. Experience from across OECD countries shows that an involvement of crucial local development actors, such as regional agencies and other bodies that are closely working with a partnership, but are not member organisations, can be very supportive for an increased understanding of each others needs and interests. The introduction of an external facilitator, in the function of a neutral arbiter, demonstrated success in avoiding conflicts of interest, resolving tensions and problems and in finding joint solutions.

Across OECD countries, networking between local partnerships within one country and at international level is considered by partnerships as crucial to their work. In the exchange with peer structures partnerships become aware of their own strengths and weaknesses and learn from each other in an effective way. Here, the task of the above mentioned intermediary organisation would be to use the information gained for an identification of needs and the development of tailored support structures and initiatives. Key activities recommended to enhance the effectiveness of local partnerships in contributing to local development include: facilitate the creation of an umbrella partnership to take the lead in implementing the local development agenda, strengthen capacities of partnerships and their members in organisational development; allow for local piloting that can be later integrated in policy mainstream initiatives; and facilitate inter-partnership networking and exchange of experience.

The experiences made locally across OECD countries show how national government organisation and local partnerships together have thought to introduce these types of initiatives. The following best practice examples have been presented in this discussion paper:

- The Devon Strategic Partnership in England has been assigned with the task of setting out the strategic vision for Devon County. The partnership is seen as a vehicle for considering and

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[25]   Surowiecki, James (2004): The Wisdom of Crowds, Random House.

deciding how to address difficult cross-cutting issues such as the economic future of an area, social exclusion and climate change.

- Introducing organisational change and increasing co-operation of local actors through a series of small grants projects that are implemented under a local development strategy umbrella, is what the Local Social Capital initiative in Berlin, Germany is promoting.

- How to involving distant actors in the work of local partnerships and stimulate their full membership is being described by two examples from Berlin, Germany. A first case study discusses the case of a University of Applied Science in Berlin that triggered the development of a new niche in the local economy. The second case describes how companies are attracted to a location through a joint local business recruiting package. These are good practice examples of widening the strategic orientation of a local partnership.

- Piloting new initiatives locally that can contribute to national policy innovation is what the "Perspective 50plus – Employment pacts for older workers" has successfully aimed at. A shrinking local labour market and a surplus of well-skilled older persons have been the starting points for the development of a nation-wide pilot initiative in Germany to re-integrate elderly in the local labour market.

- Giving the local partnership a primary role in the design and implementation of a local development strategy through enhancing co-operation between key government agencies and the partnership has been successfully applied in the case of the Local Strategic Partnership of Coventry. Within the partnerships operational geographic area, a strategic plan was prepared for each locality based upon local data and resident surveys. During the implementation phase, public funding has been made available to kick start activities, and it was continued upon demonstrated success of the activities.

How strong performance management, monitoring and evaluation systems can be useful in measuring and assessing the contribution of partnerships to local development

Local development partnerships are relatively new in the Croatian institutional landscape. Unsurprisingly, little has been done so far towards the development of a performance management framework suitable to partnerships' nature and functioning. One reason for this is that government counterparts of local partnerships in Croatia are still uncertain of the contributions that the new structures can provide. The awaited enactment of a legal framework for regional development may help to nurture more accurate expectations in this respect. Local partnerships across OECD countries are understood to be flexible, innovative and close to community, which is why governments decide to assign them with a prominent role in the local development agenda. The performance of partnerships often depends on the robustness of their structure and the consensus reached on strategic priorities of the partnership.

Local partnerships will however need to demonstrate the added value of their work, and governments would like to monitor and evaluate the contribution of partnerships in terms of progress made on development priorities and governance improvements. Performance management will therefore require commitments and inputs from both sides. National government, and if existent, an intermediary organisation should establish guidelines that local partnerships could follow in managing performance, monitoring and evaluating their work. Also important is the provision of adequate financial resources. To introduce a strong performance management approach and a wider evaluation concept training and regular exchange of good practice and lessons learned will be important. Training to assess and improve performance has been introduced in nearly all OECD countries that endorsed the concept of partnership in policy design and delivery. Joint training series, bringing together partnership managers and government

counterparts, have proofed to be successful in raising a general understanding of partnership work and in realising its benefits and limits.

Evaluation is important for the work of local partnerships and applies to both the internal governance of a partnership and its actual work. Evaluation should be considered an ongoing process, which is not limited to the finalisation of programmes or projects. Governments will have already preset targets, objectives and output against which they monitor and assess the work of local partnerships. These might not always reflect the local context and circumstances, and would therefore suggest an adaptation through the partnership. Often, a more outcome-based description of a programme of project result would allow a more flexible and effective approach, than the delivery against outputs, such as numbers of persons trained or re-integrated into the labour market.

Monitoring and information systems need to be robust and evaluation should be perceived as an objective exercise, free from political and single partners' interests. These systems are a valuable source of information for partnerships to create and expand the evidence base of their work. Here, it is important that the local partnerships have full access to existing statistical information, which they can use in developing additional local development indicators and development priorities, for instance through survey of residents' views and wider research. This way the evidence base generated by the partnership will be a useful pre-requisite for their greater role in the drafting process of a local strategy. It will also be a requirement for ensuring legitimacy and accountability towards government partners and the wider community, and it can demonstrate value for money and the general added value from partnership working. If the partnership and its partners lack capacity for establishing these systems, support by outsiders should be taken into consideration. The experience across OECD countries shows that universities are often strategic partners for local partnerships in "doing the job" or in providing assistance in developing evaluation and monitoring techniques.

Key activities recommended to build strong performance management systems and foster a culture of evaluation include: establish a framework for performance management, monitoring and evaluation that provides clear guidance to local partnerships, provide adequate funding, as well as offer incentives and impose sanctions; support training and networking activities to build and enhance skills and to foster the exchange of information on good practice and lessons learned.

The experiences made and projects developed locally in the UK, presented in this discussion paper, illustrate how national government have integrated their own expectations with the input provided by local partnerships on their needs in approaches to strengthen the performance management, monitoring and evaluation systems of local partnerships:

- The approach developed for Local Strategic Partnerships in England presents how partnerships are assisted in managing their complex agenda through offering guidance in establishing a strong performance management that allows for a review of objectives and outcomes, and partnership working and helps to improve planning and strengthen implementation.

- The "Learning to Deliver" programme developed by Local Strategic Partnerships in the Westmidlands shows how partnership managers worked together in identifying good practice and finding solutions to improve performance in partnership working and in making existing monitoring and evaluation practices best practice.

- Overcoming barriers between local government and local partnerships and getting senior local government councillors interested in the concept of partnership working have been set as two learning objectives of the Leadership Academy, a national programme in England.

ANNEX A: RECOMMENDATIONS AT A GLANCE

The following table brings together a set of recommendations that were presented in a draft summary report at a regional workshop on 28-29 May 2007 in Opatjia, Croatia. This aims to facilitate discussion around recommendations given to strengthen local partnerships in Croatia and to develop local action plans that could be followed by local partnerships and national and local governments.

General recommendations for building and maintaining effective local partnerships relevant to both counties

From a project-based to a sustainable strategic partnership	In Vukovar-Srmium and Varazdin Counties the various partnership structures may need to be reviewed. There exist ROP-driven county partnerships, focusing on investments and economic development, and employment and social inclusion-oriented partnerships on the other. Moreover, partnerships are largely project-oriented and tend to dissolve after project completion. Although project-based partnerships are necessary for project sake the legacies require lasting governance through strategic partnerships. These latter types of partnerships include county and city level stakeholders across the many fields (economic development, employment, etc.). This partnership should assuage any organisational or policy tensions between the different levels of government and the different areas of activity. Regular bi-monthly (once every two months) meetings are recommended. An effective organisational structure through a formal agreement between the partners is highly recommended. The partnership may be founded as a legal entity (association or limited liability company) with a board, an executive secretariat, a decision-making steering committee, and broad participation of stakeholders.
Use a performing public administration or an external intermediary body/agency as a leading force	For a well-functioning partnership a professional support structure must provide assistance with project application procedures, organisation and facilitation of partner meetings, and with financial management. In short, such a body would assume administrative tasks allowing partners to hone in on strategic matters. In OECD countries an intermediary agency is usually founded as a separate entity from the public administration primarily for the reasons of flexibility and speed. The intermediary should have the authority to act within publicly defined parameters and may be tasked to mediate, and facilitate. It is of paramount importance that it has the requisite professional and technical skills and the service focus. In most OECD countries international cooperation and networking (through professional, NGO, university and business exchanges) is widely seen as the prerequisite to successful partnership management.
Organise SME and start-up support to foster job creation	Increased involvement of businesses (especially SMEs) in the partnerships and support services for business start-ups appears to be of increasing importance. Both Vukovar and Varazdin may benefit from additional incentives for job creation and SME support has been one of the leading job-creation routes in OECD countries. OECD experiences point to the potential lead role of large businesses as sponsors of local employment organisations and business linkages between the SMEs and large firms. In addition, transparency and communication of business support services may be improved by the establishment of a single institutional identities, brands or gateways, perhaps applying the 'One-Stop-Shop' model. The issues for discussion may include whether this service should be outsourced or established in-house as a public agency, separated or integrated into existing structures.

Implications for Local Government – Partnership Capacity Building

What	*How*
Building local government capacity	Counties and towns/municipalities are already leading local partnerships, but effective partnerships assume active participation and contribution by all its members. Perhaps the government authorities would benefit from identifying competencies to manage functioning partnership. Capacity building programs may benefit from work done by various international and bilateral donors like USAID, GTZ, UNDP and others.
Support for leadership within partnerships	Leadership in partnerships may come from local politicians, senior officials or civil society organisations. But leadership in a partnership context poses specific challenges compared to traditional autocratic type leadership. Former emphasises consensus building over exercise of authority. OECD experiences demonstrate that support programs for local leaders may be important in the dynamic environment of the partnership
Technical support for partnerships	Local councils and governments (along with other partners) will need to ensure that partnerships have access to a range of skills and knowledge.
Assist in the improvement of performance management, monitoring and evaluation	Enhanced capability and capacity for performance management, monitoring and evaluation is a need usually met by the counties and towns/municipalities. Local partnerships should have appropriate local structure and capacity, and performance management, evaluation and learning are key priorities recognised by all partners. Local performance management arrangements should provide management information on both the progress of the local development strategy, and on the effectiveness of partnership arrangements, and ensure action plans are fully implemented. Performance management will depend on robust monitoring and information systems, backed by objective evaluation. The capacity to perform these functions may be located within a partner support team or contracted out.
Organisational and cultural change	Partnership work challenges leaders, officials and businesses, but perhaps especially those accustomed to the traditional government hierarchies. Partnership requires both leaders/managers and front-line staff to collaborate with both partner agencies and citizens. Specialised training on organisational change and management may be warranted to fulfil this requirement.

Implications for National Government

Coordination between different policy areas	Local partnership assumes joint work between local actors, and therefore in turn requires a coordinated, flexible approach in the implementation of policies and programs. Local actors need to contribute to and shape local priorities and partake in meeting national targets.
Provision of clear guidance and support from central government for local partnership work	Local partnerships will look to central government for clear guidance and support. This may include, establishment of skills training and development programs, and institutional capacity building.
Facilitation of good practice exchange and inter-partnership learning	Central government also has an important role to play in facilitating the exchange and dissemination of good practice by local partnerships. An example may be through peer review exercises.
The role of an intermediary agency	In some OECD countries, the role of coordination and support is provided by an intermediary agency with specific responsibility for managing and supporting local partnerships. It should be noted that the agency needs to have sufficient status within Government hierarchy to be able to negotiate with relevant ministries.

| *Establish guidelines for performance management, monitoring and evaluation* | Central government should establish guidelines for local partnerships on performance management, monitoring and evaluation; provide support and training for local actors; monitor and manage local performance; and, identify and disseminate good practices. |

Recommendations for building local partnerships in Varazdin

Establish a framework that allows for integration and coordination of local partnerships	The creation of a common framework, incorporating both the conceptual understanding of a region and a supportive structure that facilitates the joining of different partnerships, should be addressed. Such a framework does not imply having the same development priorities for the city and the county, but it sets the ground for a common platform intended to align locally tailored strategies within a wider regional context. It further creates opportunities for synergies and mutual benefits. This can be achieved through intensified cooperation between the two regional development agencies, perhaps initially through visible public events with the express aim of forging common identity and values.
Consider the establishment of thematic working groups at county level	The County Partnership should devote more effort in the development of permanent thematic working groups. One such issue-area may be labour skills development. Here participation of various actors, including the Croatian Employment Service, educational/training organisations, business community and NGOs, would further secure locally suitable approaches.
Expand on the existing good practice projects	In terms of economic development and employment, the Free Zone Varazdin is a success case with 1,800 employees. The Varazdin County also provides an entrepreneurial zone for craft businesses with infrastructure and facilities under the condition that the businesses employ a specific number of new employees. In terms of social inclusion, the Foundation for Solidarity of the City of Varazdin and City Department for Social Affairs projects can be viewed as good practice projects. A partnership could assume the role in evaluation of results achieved through these initiatives, actively disseminate relevant information and contribute to partnership learning.
Make better use of the regional (county) employment service	In Varazdin, the Regional Employment Service offers a wide range of active labour market measures. It offers problem solving strategies, employment generation know-how, and training needs assessments that could significantly contribute to the local Economic Council and the ROP driven County Partnership.
Provide investor incentives through attractive recruitment strategies and educated workforce at county level	Varazdin needs lifelong learning programmes and preventive active labour market measures based on successful county practice of active transfer and adaptation measures. Investors are attracted on the one hand by the free zones and tax exemptions, but also by the abundance of skilled workforce. The role of the partnership would be to integrate initiatives through the training institutions and the local businesses in a broader local development strategy that addresses employment and skills development issues.
Towards an umbrella partnership for the entire county and an appointed impartial body as driving force	The two partnerships: City's Economic Council and the County Partnership are lead by strong governments. The impartial body World act as mediator through the umbrella partnership. Potential members may be from training institutions, NGOs, Chambers. It is important to keep the partnership open to new members, to be responsive to local needs and revise strategic directions as the circumstances arise.

Recommendations for building local partnerships in Vukovar

Further integration of the two local partnerships and strengthening of the umbrella partnership	Several interviewees highlighted the need to integrate the Local Partnership for Employment and the County Partnership into a single entity functioning at county level. Thematic working groups and detailed action plans would evolve in due course.
Establishing organisational structure of the partnership	The structure should consider a management/co-ordination unit that maintains communication and enables partners to easily interact. The co-ordination unit should be able to provide professional support to facilitate partner contributions.
Make use of international technical experience	Experienced technical assistance is encouraged to facilitate the development of fully functional partnerships. This would serve to further partner networking and anchor various initiatives with the local development plans and to facilitate capacity building and technical exchange of good practices and models.
Enhance and expand knowledge- and market-based training programs	The Croatian Employment Service and the regional employment partnership provide good practice in terms of customised training. There is: (i) professional orientation for the young (e.g. Project My Choice), (ii) integration of formerly unemployed in Spacva company (wood-processing), (iii) tourism-related project providing language skills, catering training, and (iv) the ECDL – European Computer Driving License - project. Such projects, intended for specific labour market placements may be intensified and broadened, i.e., the training program measures should be targeted for current and anticipated jobs. In order to better assess the future labour demands additional business surveys and questionnaires may be warranted. Knowledge-based training measures, like IT, language should be expanded and improved to bolster workforce qualifications and attract new businesses and investments. Here, the local partnership may provide the local baseline knowledge and information for the development of locally tailored strategies and approaches.
Improve the cooperation between training institutions and businesses	Moreover, cooperation between these sectors can help guide the education system towards meeting the market demands for professional and technical cadres. It appears that a local college could play a significant role in terms of increasing employment opportunities through skills development and upgrading. The potential of the craft industries is not fully recognised, in particular the hospitality and tourism, in wood processing and in the agricultural sector, where new labour demands are anticipated. The application of the German apprenticeship model (dual system with internships and lectures) has demonstrated encouraging results in Vukovar-Srmium. Here, the role of the partnership would be to integrate initiatives between training institutions and the local businesses into a wider local development strategy that comprises of employment and skills development issues.
Devise a regional (county) action plan for job creation	The application of the European guidelines and the National Action Plan for Employment should be linked to the regional (county) bottom-up employment strategy with adaptations in various environments (urban, rural, underdeveloped). The cornerstones of such an action plan can be (i) preventive measures like adaptation for businesses and employees to prevent dismissals or mass redundancies, (ii) measures intended for special target groups (older workers, youth and women) including subsidised job creation schemes for the hard to employ groups, and (iv) schemes which provide support for start-ups and which promote entrepreneurial engagement and spirit in the region (for example "start-up-your-own-business award", micro-grants and/or micro-credit schemes). A partnership framework could facilitate: (i) introduction and implementation of a strong bottom-up strategy; (ii) alignment of economic, social and environmental factors of local development; (iii) action planning with robust targets, clearly assigned tasks and responsibilities and associated performance indicators; and, (iv) linkages with national and European strategic priorities and programs to ensure continuity and sustainability.

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ANNEX C: INTERNATIONAL REVIEW PANEL

Reiner Aster is currently Managing Director of Gsub (Gesellschaft für soziale Unternehmens-beratung mbH, society for social management consulting) in Berlin, Germany. Gsub is an agency which implements employment market policy programmes on behalf of the State of Berlin. Dr Aster has been advising and supporting local governments and national bodies on employment issues for more than 15 years. As a policy expert and technical assistance provider he has been involved in several EU projects focusing on local employment development, social inclusion, partnerships and networks.

Marion Byrne joined Pobal LTD (formerly ADM) on secondment from the Probation and Welfare Service of the Department of Justice in 1995 where she had worked in senior management positions in areas such as family law, training and community based alternatives to custody. In Pobal she manages a number of programmes that are focussed on social and economic inclusion including the national funding stream for local development partnerships companies and programmes that address the integration of immigrants, enhance access to third level education and deliver community based rural transport.

David Galliers has worked in partnership development in Coventry and the West Midlands area of the UK for 10 years. He is currently based in Birmingham West midlands where he has developed and is running a support programme for 38 Local Strategic Partnerships in collaboration with the UK's regional and central government departments. Prior to his work on Strategic Partnership working, David specialised in regeneration work in disadvantaged communities particularly in the field of Adult Education. David is currently the Chairman of the LSP Futures network which is a national network of Local Strategic Partnerships that helps spread good practice and develop effective policies with government departments.

Mike Geddes is a Professorial Fellow in the Local Government Centre, Warwick Business School, University of Warwick. He holds a PhD in Urban and Regional Studies from the University of Sussex. His research interests include numerous aspects of public policy, ranging from local democracy and partnership to local economic development, public services, and poverty and social exclusion in the UK and Europe. Prof Geddes has been involved in several activities of the OECD LEED Forum on Partnerships and Local Governance since its creation. He advises the OECD LEED Programme on identifying the capacity building needs of partnerships and is actively engaged in a thematic workshop organised within the Forum.

Pat Leogue manages the OAK Partnership, a Local Development Company serving the needs of the communities of North West Kildare and North Offaly. Created in 1995 as part of the E.U. Operational Programme for Local Urban and Rural Development, the OAK Partnership responds to issues of unemployment, social exclusion and disadvantage within its catchment areas through its employment, enterprise, community, education and training programmes. Over the last eleven years he has assumed responsibility for the preparation and implementation of Area Action Plans funded by the EU and the Irish Government under the Operational Programme for Local Urban and Rural Development (LURD) and more recently the Local Development Social Inclusion Programme funded by the Irish Government under its National Development Plan 2000-2006. From October 2004 until December 2005 he assisted as international expert in the establishment of a local partnership in Kamenica, Kosovo, as part of a joint project between the European Training Foundation, the Italian Government and the OECD LEED Programme on building local partnerships in the Balkans.

Maria João M. Filgueiras-Rauch is currently Content Manager and partnership co-ordinator of the Project "Competences Development in and for the city of Munich" in Equalmünchen GmbH, a municipal enterprise of the city of Munich. At the same time she is continuing to act as an Independent Expert as researcher, project developer and/or consultant in the fields of: Structural Funds (especially ESF), Local Development based on Partnerships approach and Employment and Training, working, among others, with the EC and the Portuguese Labour Ministery. She has 18 years of experience in the management and implementation of development projects and programmes in Europe (old and new Member states), both as a senior consultant and as a public sector manager.

Andrea-Rosalinde Hofer joined the OECD in 2004 as a Policy Analyst in the field of local governance. She is based at the LEED Trento Centre for Local Development in Italy where she manages activities related to partnerships and governance in Central, East and South-East Europe and the LEED Forum of Partnerships and Local Governance. Prior to this she worked for the United Nations Development Programme as an expert and regional project co-ordinator for local governance.

Arsen Juric is currently Rule of Law and Local Government Affairs Specialist at the United States Agency for International Development (USAID), U.S. Embassy Zagreb, Croatia.

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