

Local social capital – fostering the social capital of a region or local area by global grants, Germany¹

Description of the approach

'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.

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.

1. Source: Reiner Aster (2007), in: "Building Effective Local Partnerships: Organisational Challenges and Strategic Orientations". OECD LEED Trento Centre Capacity Building Local Governance and Partnerships.

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.²

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 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

2. 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.

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, coordinating, 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?

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 you can move considerably towards local economic and employment development and in particular towards fostering social cohesion.

Integrated into the 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.

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. The LSC approach is tailor-made for small initiatives and NGOs, 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.

Reasons for the success 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 that were faced and the quality of the response taken

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 kind of approach

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 a whole country. Thus, it could be easier to set up a pilot programme in the 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, e.g. in one of the most developed counties and in one of the most deprived counties. The financing of the programme may be enabled by the pre-accession 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.

Contact details and website for further information

National LOS programme Germany
Mr Markus Wicke
Project Manager at gsub
E-Mail: Markus.Wicke@gsub.de
Regional LSC programme at the Berlin level
Ms Kerstin Grosch
Project Manager at gsub
E-Mail Kerstin.Grosch@gsub.de
Websites: www.gsub.de; www.losonline.de (with a small English section)