Practical Handbook on Developing Local Employment Strategies in New Member States and Candidate Countries of the European Union

European Commission
Directorate-General for Employment and Social Affairs
Unit A4

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Unit A4

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FOREWORD

Local employment development is clearly important for regional and local communities, but it is also important at the national and European levels. It is increasingly recognised that national and European employment objectives - and in particular the European Employment Strategy - cannot be achieved without the active involvement of actors at the regional and local level.

In November 2001 the European Commission adopted a Communication on the local dimension of the European Employment Strategy (EES)\(^1\). This Communication suggested ways to help local actors play their full part in the EES, in cooperation with national authorities and Community institutions, underlining that new Member States should be fully involved in this process.

Since the approval of the Communication, the Commission has endeavoured to develop a coherent strategy, as well as specific activities, in order to take forward the Union's priorities in the field of local employment. A particular focus for the Commission has been to play a supportive role for local actors, notably by ensuring better information and a more coherent use of existing policies and instruments; by being more accessible; and by promoting the exchange of best practices and experience.

In line with that strategy, we are now publishing this handbook for local actors. It provides those involved in local employment development in Member States with a practical tool indicating the best approaches for designing, developing, implementing, monitoring and evaluating successful local employment development strategies. The key principles are presented, documented with concrete examples already tested in developing local employment strategies.

Local action has gained its rightful place in the mainstream of policies, as more and more local players are involved not only in the delivery, but also in the design and development of job creation and inclusion policies. I hope this handbook will help in encouraging more people and organisations to get involved.

*Odile Quintin*

*Director-General for Employment and Social Affairs*

*European Commission*

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\(^1\) ‘*Strengthening the local dimension of the European Employment Strategy*’ - COM (2001) 629, 6 Nov 01.
1.0 INTRODUCTION

1.1 Practical Handbook for Local Employment Strategies

Local actors can make a unique contribution to employment in their locality. But their efforts are particularly effective if they come together as a partnership and develop a shared strategy. Local employment strategies can add value to the efforts of the European Union (EU), national governments and regional governments. In fact, experience shows that they can have a real impact on persistent problems of unemployment, skills shortages and inequality across Europe.

The large and sustained regional disparities in unemployment in the New Member States\(^2\) (i.e. those that became full members of the EU in 2004) and Candidate Countries\(^3\) justify an interest in local employment development. In these countries, local employment development has the potential to contribute to national employment objectives as well as enhancing social cohesion. The entry of these countries to the EU is providing a great incentive to undertake such activity.

This Practical Handbook presents best practice in developing local employment strategies. It does not prescribe a single, narrow formula. Instead, it describes key characteristics and principles as well as specific individual examples in Sections 2, 3 and 4. In Sections 5, 6 and 7, the Handbook provides advice and information specific to the New Member States and Candidate Countries. Each of the issues is illustrated by examples of good practice in regional and local employment development.

The Handbook cannot provide detailed information on all thirteen countries. But it does serve as an introductory guide for local actors in the ten New Member States and the four Candidate Countries. It will also be useful for others interested in the potential and progress of these countries in developing local employment strategies.

Be effective – learn from best practice

1.2 What is Local Employment Development?

Local employment development covers a wide variety of actions that tackle unemployment and reduce inequality. It involves a process that is designed, implemented and ‘owned’ by local actors. Other activity, for example EU and national programmes, might develop employment in a locality. But local employment development can add value to this other activity by mobilising local actors and recognising the needs and potential of a particular locality.

For example, entirely new sorts of job can be created that can simultaneously reduce unemployment and meet local service needs. Many of these new sources of jobs have the

\(^2\) Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia.

\(^3\) Bulgaria, Croatia, Romania, Turkey.
potential to draw in people bringing different attributes, skills and aspirations to the labour market.

Many new locally generated jobs can be easily filled by those outside the mainstream labour market. They can help to promote gender equality because the local nature of the jobs can make them more ‘family-friendly’. For example, new jobs can be designed to suit the needs of working parents. Local approaches to skills development and training can also draw different sorts of people into learning, as a first step towards employment.

The impact of local employment development in one locality, when added to that of other localities can significantly reduce unemployment and inequality across Europe. So local employment development is important in its own right, but also for its contribution to European economic and social policies. Indeed EU policy now recognises the importance of local action. The EU also provides resources for testing and promoting innovative approaches to local employment development. (See Section 2 below.)

**Local employment development improves the parts that EU and national policy fail to reach.**

### 1.3 What works best in Local Employment Development?

Whilst local employment development can take many forms, the best examples tend to demonstrate a number of *key success factors*. These are:

- awareness of the national context;
- a partnership of local actors from the public, private and third sectors;
- meaningful dialogue between partners;
- co-ordination with regional, national and EU policy;
- a European dimension;
- a thorough understanding of local needs and potential;
- a focus on gender equality and social inclusion;
- co-ordination of activity locally;
- a strategy and action plan;
- innovative activities;
- good management;
- local ownership;
- sufficient resources; and
- learning from experience.

Sections 3 and 4 explain these key success factors in more detail and offer practical examples of good practice. But first, we consider what Europe can offer to those involved in local employment development.

*A partnership strategy is most effective for local employment development*
2.0 THE EUROPEAN DIMENSION

2.1 More and better jobs

Looking at recent developments in EU policy, first, we see how the EU has placed a greater emphasis on employment generally. Second, we can see how the EU now recognises the unique contribution that local partnerships can make to its employment objectives.

‘More and better jobs and greater social cohesion’ is one of the overall aims of EU policy. This aim is reflected in the EU’s European Employment Strategy. The strategy is designed to enable the EU to create the conditions for full employment and to strengthen cohesion by 2010. It is the key tool for co-ordinating the employment policies of EU Member States.

The Strategy has three main objectives:

- full employment;
- quality and productivity at work; and
- social cohesion and inclusion.

It also includes specific targets for employment in Europe:

- an overall employment rate of 70% in 2010;
- an employment rate for women of 60% in 2010; and
- an employment rate of 50% for older workers (aged 55-64) in 2010.

Local employment development has a vital role to play in achieving the objectives and targets of the Strategy. This is reflected in the Employment Guidelines that the EU produces to guide the employment policies of Member States and ensure co-ordination with the Strategy. The Guidelines issued in 2003 specifically encourage Member States to support local employment development. In guiding the Member States, they state that:

“The potential for job creation at the local level, including in the social economy, should be supported and partnerships between all the relevant actors should be encouraged.”

The European Commission has recognised the importance of local employment development to the European Employment Strategy in several Communications⁴. These Communications reflect current European policy and thinking.

⁴ http://europa.eu.int/comm/employment_social
Local authorities from the LEAPS project in Scotland have recognised the value of the European Employment Strategy. They found that the Strategy was a valuable analytical tool for identifying gaps and overlaps in strategies and initiatives at the local level. So they used the Employment Guidelines as the framework for developing a local action plan for employment.

So the EU recognises the need to inform regional and local actors about the European Employment Strategy. It also encourages them to undertake local employment development. This will ensure that all levels work together in a coherent way to achieve the employment targets that the EU has set itself, while simultaneously addressing their own employment problems.

The European Employment Strategy promotes local employment development.

2.2 Support from the EU

Local partnerships involved in local employment development can benefit in a number of ways from EU support. They can receive funding for their activities directly from EU programmes (see Section 4.3.3). They can also be participants in experimental and pilot actions with other international partners. Furthermore, a European dimension offers greater recognition of their efforts.

For example, the EU has supported a wide range of experimental work in local employment development. This includes the Local Employment Development Action Programme, Territorial Employment Pacts, the Third Sector and Employment Programme, Local Social Capital Pilot Actions and Preparatory Measures for a Local Commitment to Employment.

Quartiers en Crise in Brussels (B) received EU support from the Preparatory Measures for a Local Commitment to Employment. This enabled it to go beyond its main focus on urban regeneration and consider employability and job creation.

Through these programmes, the EU promotes the key principles of local employment development across Europe. Indeed, many lessons have been learned from these programmes. They are presented in evaluation reports and other documents, also available on the Commission’s website. But the lessons are also incorporated into the advice offered in later sections of this Guide.

Local partnerships can also expect to get better recognition and support from their national governments, through the National Action Plans for Employment and National Action Plans for Social Inclusion. Every year, each Member State produces the Plans, following guidelines agreed at EU level. The Plans encourage national governments to adopt the best practice in
employment and social inclusion policy. They reflect the increasing involvement of local and regional authorities in employment actions in most Member States. For example, the Swedish National Action Plan (2002) recognises the efforts of the Swedish Association of Local Authorities, the Federation of Swedish County Councils and a number of municipalities in producing local action plans for employment.

The EU promotes and funds best practice in local employment development.

2.3 Lessons from the OECD

The Organisation for Economic Co-operation and Development (OECD)⁵ also researches and promotes best practice in local employment development. Local actors can learn much from the good practice principles and examples within the OECD’s *Local Economic and Employment Development* programme.

⁵ [www.oecd.org](http://www.oecd.org)
3.0 CREATING THE RIGHT CONDITIONS

Developing a successful local employment strategy cannot be done in a hurry. The key success factors identified in Section 1.3 are the product of careful steps that bring local interest groups together and help them to act strategically and undertake activity. This requires time and resources to be devoted to a preparatory stage.

Preparation is particularly important in localities with little experience of local employment development and where capacity needs to be built. It may even be the first time that genuinely local activity has taken place. A number of practical steps need to be considered from the very beginning. These steps need not necessarily be taken in this particular order. In fact, some or all of them can be taken simultaneously, depending on local circumstances.

- See how supportive the existing political and administrative system is of local employment development.
- Define the best geographical range over which to operate.
- Consider using a partnership.
- Co-ordinate the local partnership’s activities both upwards – to regional and central government; and outwards - to neighbouring administrations and to other partnerships across the EU.

This section outlines how to take these practical steps to create the right conditions within which a local partnership can design, develop, implement, monitor and evaluate a successful local employment strategy. Figure 1 below illustrates this process.

Start right - create good conditions for local employment
Figure 1: Creating the right conditions

1. Study the national and local context
   - Understand national policy
   - Examine local capacity
   - Look at existing partnerships

2. Define the target locality
   - Consider labour market areas
   - Consider administrative areas
   - Be strategic yet local

3. Consider a partnership
   - Choose an effective format
   - Ensure good leadership
   - Involve the right partners

4. Make links with others
   - Link to regional, national and EU policymakers
   - Link to neighbouring localities
   - Link to similar localities across Europe
3.1 Know the context for local employment development

Best practice in local employment development tends to emerge when local actors understand the wider context they face and work with it, rather than against it. This wider context includes national policy, local capacity and existing partnership arrangements. Experience suggests three key success factors here.

3.1.1 Understand how national policy supports local economic development

In some countries and regions, the national government may already offer an established role for local employment development, perhaps even with a legal or constitutional framework. This role is often part of a wider pattern of devolution from central to regional and local government. So local partnerships may already have clear responsibilities and real funding for local employment development in these countries. Ireland, Italy and parts of Austria and Spain are examples.

The Republic of Ireland’s Local Development Social Inclusion Programme (2000-06) recognises and provides funding to partnerships and community groups ‘that adopt a partnership approach to tackling local issues on the basis of comprehensive, integrated local action plans designed to counter exclusion’.

www.adm.ie

But some other countries have traditionally been more centralised, with less devolution to the local level. So national or regional governments may be less responsive. They will need to be convinced of the need to offer flexibility and resources for local employment development. The new Member States and some of the southern Member States are likely to find themselves in this situation.

3.1.2 Know what capacity there is for local employment development

Where there is some experience or tradition of local employment development, there is also likely to be the capacity to do it. This includes institutional capacity, such as the authority to act locally and respond quickly, as well as the ability to receive funding and manage contracts. It also includes personal capacity in terms of leadership, knowing the locality and communicating with others.

Some countries, particularly those in Western Europe, also have a long tradition of civil society and partnership. Many third sector organisations in these countries are experienced in understanding and providing for the needs of disadvantaged groups. They also have experience in working closely with employers and with government. Employers may also have a tradition of corporate responsibility, which includes local action. In these countries, local partnerships can be formed relatively easily and move faster to develop strategies and undertake activity.
Where there is limited local capacity, take a patient approach and make long-term investments. Look at the basic principles of local employment development, find what works locally and build slowly and patiently upon it. Try also to encourage regional and national governments to be responsive to initiatives from the local level.

3.1.3 See what partnerships already exist

Depending on national policy and local tradition, there may already be one or more partnerships relevant to local employment and operating in any locality. A key success factor in creating the right conditions is therefore to create partnership structures that take into account what already exists.

In those countries with limited devolution to the local level, and a weak tradition of local action and civil society, it may be necessary to form an entirely new partnership. Here it will be important to bring together public, private and third sector organisations, possibly for the first time. It will take time to build trust and understanding between the partners, before agreeing any ambitious objectives.

Some countries have given local employment development partnerships a clear legal and constitutional framework. So, there is little need to create a new partnership or to justify its existence. The focus can be on delivering results.

In other countries, such as the UK, there have been many initiatives at the local level. An extensive network of local partnerships already exists. This can cause problems such as competition for funding and duplication of roles. So in these localities the focus might be on co-ordinating or amalgamating existing partnerships, rather than creating new ones. For example, local partnerships for inward investment and social inclusion could be combined into a local employment partnership.

When South Tyneside (UK) was awarded funding for a Territorial Employment Pact, it chose not to create a new partnership. Instead the role of an existing partnership for enterprise – the South Tyneside Enterprise Partnership – was widened to embrace local employment.

www.southtyneside.info/communitysupport/step.asp

3.2 Define the target locality

Some individual actors, such as municipalities, operate in clearly defined localities. But one uncertainty surrounding partnerships, indeed a possible strength, is that the target area for operation is not necessarily fixed. Where a partnership has come together voluntarily, there may be considerable scope for choosing the area over which it operates. Of course, where national policy offers a clearly defined role for local employment development, the locality may already be clearly defined.
For partnerships undertaking local employment development, experience suggests three key success factors to take into account when defining a locality for action.

3.2.1 Consider the geography of the local labour market

Employment problems and opportunities rarely match administrative boundaries. So a strategic approach may require a partnership to target an area that is larger than just one municipality, for example, a travel-to-work area. The key benefit of this approach is that local solutions can be developed in direct response to the employment problems and potential of any locality. For example, the Tampere-Pirkkala Territorial Employment Pact (Finland)\(^6\) developed an action plan for several neighbouring municipalities that had all experienced a decline of the textiles, clothing and footwear industries.

3.2.2 Take into account administrative boundaries

It can be useful to define a locality according to local administrative boundaries, for example a municipality. This can simplify activity, since many key local actors will already operate within the same area. It also avoids some of the problems involved in drawing different partners together from several municipalities. It may also be easy to collect data about the area. However, the target locality might not reflect the geography of the local labour market and the problems to be addressed.

3.2.3 Get the size right

A local employment partnership should be big enough to be strategic, yet small enough to remain local. Partners need sufficient knowledge of and influence over the locality to be able to make a difference. They may need to be able to react quickly to new events.

‘Local’ can certainly refer to the sub-regional, local (municipal) or neighbourhood levels but its scale, size, coverage and administrative boundaries will vary. A partnership responsible for an area with a very large number of inhabitants may be unwieldy and unfocussed, lacking an emphasis on truly local needs. Partnerships covering populations smaller than a municipality (such as a neighbourhood) might be too small to be effective in any strategic sense.

Different types of action are more effective at different levels. For example, the Proyecto Pléyade (Spain)\(^7\) defined target areas for analysis on the basis of local labour markets covering several municipalities. But it created individual action plans for each municipality within the target area. In general, a municipality might be most appropriate for the integration of disadvantaged groups. But a sub-region or region may be most appropriate for inward investment and infrastructure developments.

\(^7\) [www.femp.com/pleyade/eng/index.htm](http://www.femp.com/pleyade/eng/index.htm)
Be strategic, be local, be manageable.

3.3 Develop an efficient partnership

While local employment development can be done without a partnership, experience shows that a partnership can add value that cannot be gained in other ways. But it has to be a real partnership for this effect to be at a maximum. Where, for example, partnerships are merely symbolic or ‘marriages of convenience’, the outcomes will be less secure.

A partnership approach can be more effective, because it can potentially:

- Involve a wider set of interests, including industry, commerce and the social partners;
- Generate wide political support and local ‘ownership’ of activity;
- Empower people, especially disadvantaged groups;
- Reduce duplication of effort and produce focused action;
- Increase the financial, physical and human resources available;
- Provide more coherent or holistic services;
- Understand, anticipate and meet local needs;
- Inject innovation and creativity into regional and local developments; and
- Combine the effects of various programmes, thus optimising impact.

It is important that a local employment partnership has the right format, leadership and membership, if it is to be effective.

The key benefit of partnership is improved local governance.

3.3.1 Format

The most effective format for the partnership will depend on its particular circumstances, such as national policy, local capacity and existing partnerships. So there will be great variety from one locality to the next. However, past experience points to a number of key success factors in the way a partnership is structured and managed.

- A genuinely ‘bottom up’ approach that encourages initiatives and ideas from the ‘grass-roots’ level.
- A broad-based membership of public, private and third sector organisations that have an interest in local employment.
- A common purpose to bind them together regardless of their individual responsibilities.
- A partnership agreement that strengthens accountability by clearly distributing responsibilities between partners.
- A formal structure, whether as a distinct legal entity (such as a company limited by guarantee) or a looser association of partners.
- Open and honest dialogue between partners.
An evaluation of the *Pilot Programme for Economic and Social Progress* in Ireland identified three models of partnership:

- **The Delivery Approach**, in which the partnership designs, develops, funds and runs activity, usually on a time-limited pilot/demonstration basis and the activity is generally responding to a lack of locally-based services or insufficient mainstream provision.
- **The Agency Approach**, which also addresses an identified need but the response is more concerned with designing, or sometimes allocating resources rather than a direct involvement in the actual delivery of services to the target group.
- **The Brokerage Approach**, which provides a support structure to local actors. The main roles are planning, co-ordinating, supporting, facilitating and lobbying.

3.3.2 **Leadership**

An effective partnership requires good organisational and individual leadership. But the lead partner should not take sole ownership of the partnership and its activity. Instead it provides the right environment and conditions for the partnership to operate in. It also encourages the active involvement of all local actors. The lead partner should demonstrate genuine political commitment to the partnership. It will put the general interest above its own corporate interest.

A good lead partner will already have an established local role in economic development, vocational training and social inclusion. It may also need the financial capacity to take responsibility for large amounts of money on behalf of the partnership.

Local authorities are often the best placed to lead a local employment partnership. They are elected, accountable to local people and recognised by regional, national and EU policymakers. They have the capacity to provide local services, many of which are relevant to local employment, such as social welfare. Many national governments are also devolving the implementation of public employment policy to local authorities.

But some local authorities lack the experience, power and resources to lead a local employment partnership. So other partners might be more appropriate, particularly if they are already responsible locally for economic development or vocational training.

Every partnership also needs an effective individual leader with strong political authority. For example, experience in Italy and Greece demonstrates that the mayor is usually the most appropriate leader. But the leader also needs the personal skills and attributes to lead the partnership and oversee its strategy on a day-to-day basis. So it might be best to have an executive working alongside the political leader.
Evaluation of the Preparatory Measures project led by KEDKE in Athens (GR) concluded that the leader of a local employment partnership needs:

- **communication** with local actors;
- **knowledge of local actors** and how they work;
- **realism**;
- knowledge and experience of **funding sources**; and
- **innovation** and **entrepreneurship**.

3.3.3 **Membership**

The partnership should include all local actors with the knowledge, expertise and remit to contribute to local employment development. These might include:

- Local and regional authorities and the local representatives of national authorities;
- Local employers such as large firms, financial institutions, representatives of small businesses and social economy bodies;
- Committees responsible for monitoring EU structural assistance;
- Local development associations;
- Social partner organisations;
- Non-governmental organisations;
- Professional organisations, Chambers of Commerce, Trade Associations;
- Local offices of the Public Employment Service; and
- Educational, training, and research organisations.

But there is no single, uniform, ideal ‘mix’ of partners. Membership will vary significantly, from locality to locality. Indeed, so will roles, responsibilities and organisational structures, even within the same Member State. Some partners will be fully involved in implementation. But others might only be involved as consultees. The key is to ensure wide consultation as well as effective decision-making.

3.4 **Linking with others**

The success of a local employment partnership depends in part on the influence that it can have beyond its immediate locality. This is because others take decisions that have an impact on local employment. So it is important to establish and maintain good links with national and regional levels, neighbouring localities and other localities across Europe.

3.4.1 **National and regional levels**

Most national governments are decentralising the implementation of their employment policies. This is mainly done through local offices of the public employment services. But it
also involves partnerships with different types of local actors. So there is a real opportunity for local partnerships to influence the implementation of national policy at the local level. They can make it more responsive to the needs of their own localities.

For example, the UK Government’s *New Deal for the Unemployed* involves partnerships of local employers, local authorities, trade unions and third sector organisations. These partnerships advise the public employment service on the design and implementation of the New Deal programme in their locality.

At the same time, national governments also set guidelines for employment development, including at the local level. These guidelines are increasingly encouraging the development of local employment strategies. The EU is also encouraging national governments to involve local players in the design of national policy, including the *National Action Plan for Employment* and *National Action Plan for Social Inclusion*. So local employment partnerships have the opportunity to make national policy more supportive of their activity.

Local employment partnerships should seek to:

- have an authoritative voice and role that is recognised at the national and regional level;
- be consistent with regional and national policy, particularly the National Action Plans;
- develop institutional links with the regional and national levels; and
- be part of the policy making process at regional and national level.

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**National policy: understand it, influence it, work with it.**

### 3.4.2 Neighbouring localities

Employment problems and opportunities often extend across local administrative boundaries. So it is useful to make links with local actors and partnerships in neighbouring localities to address shared problems and opportunities. Co-operation can include:

- Co-ordinating strategies to ensure complementarity;
- ‘Lobbying’ regional, national and EU authorities to highlight shared problems and influence policy;
- Commissioning or sharing research into common problems;
- Specific projects operating across boundaries;
- Promoting employment and training opportunities in neighbouring localities; and
- Ensuring that local employers and residents receive consistent support across municipal boundaries.

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8 [www.newdeal.gov.uk](http://www.newdeal.gov.uk)
3.4.3  Similar localities across Europe

Localities with similar characteristics are likely to experience similar problems and opportunities. So there is much to be gained from co-operating with partnerships in similar localities across Europe. Co-operation can include joint lobbying of national and EU authorities. It can also include sharing information and best practice in local employment.

Co-operation is often most effective if it is part of an established network. Networks allow access to cost-effective means of publicising activity such as seminars, conferences, websites, journals and newsletters. A partnership could also set up a new network with one or more other partnerships.

Local employment partnerships from five large northern European cities came together to form the Metronet Network. These were the Territorial Employment Pacts from Berlin (D), Bremen (D), Copenhagen/Malmo (DK/S), Dublin (IRL), Hamburg (D), Tottenham (UK) and Vienna (A). The network developed common themes, shared good practice and considered a common approach to evaluation. It has led to a joint project about social exclusion as well as co-operation in preparing applications for the Community initiative EQUAL.

www.airesund.org/eng/oresund_employment_pact.aspx

One important existing network is the Committee of the Regions. It is an advisory body to the EU, composed of representatives of regional and local authorities. The EU has to consult the Committee on matters that concern local and regional government, such as employment.

Other networks bring together regions or localities with common geographical or economic characteristics. Examples of these networks include Eurocities and the European Industrial Regions Association.

Some networks take a thematic approach. For example, five European Thematic Groups bring together local practitioners from EQUAL development partnerships across Europe to share good practice between practitioners. They also ensure that EU policy takes into account the experiences of local activity from across Europe.

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9 www.cor.eu.int
10 www.eurocities.org
11 www.eira.org
12 http://europa.eu.int/comm/employment_social/equal
4.0 IMPLEMENTATION

Once a good local partnership is in place, with a clearly defined role, the next step is to design and implement a strategy. Experience shows that the impact of a local employment strategy depends on some key success factors. These are:

- Knowing the locality and its labour market;
- Developing a broad strategy;
- Implementing the strategy; and
- Reviewing progress and learning lessons.

Learning from these key success factors might suggest a process similar to the ‘roadmap’ presented in Figure 2 below. But the roadmap is a flexible tool that can be adapted according to local circumstances. For example, some steps might already have been taken in the course of ‘creating the right conditions’ (outlined in the previous section). Moreover, some steps can be taken simultaneously or in a different order to that described here.

In any case, local employment development is a continual and dynamic process. The lessons that a partnership learns from monitoring and evaluating its strategy should highlight new opportunities and problems. Understanding these opportunities and problems might require the collection of more information at the local level, leading to a new or revised strategy and new actions.

4.1 Knowing the Area

4.1.1 Understand the local labour market

A local partnership needs to understand the problems that it wishes to address. This is best done by collecting information about local employment in a systematic way. The information can then be analysed, which will guide the choice of objectives and actions. Continuously gathering information also allows measurement of the impact of activity on local employment. The strategy can also be revised as new problems and opportunities emerge.

Collecting information in a systematic way is important because some or all partners may be unaware of some problems and opportunities. The extent and cause of problems may not be known. In any case, the local employment situation will change over time.

A local employment partnership will probably need to gather information about:

- Levels of employment and unemployment;
- Characteristics of the employed and unemployed (age, skill levels, location, etc.);
- Skills needed by local employers;
- Skill available in the local workforce;
- Key occupations;
- Key economic sectors;
• Gender equality;
• Demography;
• Needs of disadvantaged groups;
• Wider social and economic trends; and
• Future trends.

A partnership will probably need to bring together information from several different sources to enable a comprehensive assessment of the local situation. The extent of the information gathered should be proportionate to the size of the partnership and its activities.

National governments usually publish information about general employment trends as well as detailed statistical information. National data is a useful starting point, but does not always reflect the real-life experiences of local communities and local people. So local information is also needed. Some local actors may already gather information for their own purposes. For example, this might be about the needs of disadvantaged groups. It may also be necessary to commission new research, where there are gaps in information.

Some partnerships have created local or regional ‘observatories’. Observatories gather information about employment from various sources and use it to create a comprehensive analysis of the local situation. They then distribute it widely to help local actors plan their activities.

The Nottinghamshire Research Observatory brings together local information and research on economic and social issues in the county of Nottinghamshire (UK). It makes current research reports available on-line as well as publishing unemployment bulletins. This research can then guide the design and implementation of local employment strategies and projects. The Observatory also promotes partnership in undertaking and disseminating research. This helps increase co-operation, avoid duplication and bridge information gaps.

www.theobservatory.org.uk

4.1.2 Find out what activity already takes place

Local employment development does not take place in a vacuum. It is part of a wider pattern of activity. Section 3 considered the importance of seeing which actors and partnerships already operate locally. It is also important to see what actual activity these actors are undertaking. New activity should add value to existing activity.

Examine the following activities and seek to add value to them.

• EU, national and regional ‘mainstream’ programmes operating locally. These programmes are likely to offer far greater resources than those available locally. So it is important to work with them rather than against them. But they do not necessarily meet specifically local objectives and may be inflexible. So it is important to try to influence them so that they better meet local needs.
• **Other local strategies** that may indirectly influence local employment. This might include strategies for sustainable development, social inclusion or inward investment. A local employment strategy should add value to them by working with rather than against them. The local employment partnership can also influence these other strategies so that they also contribute to employment objectives.

• **Local initiatives** may already address employment, without being part of a partnership strategy. Third sector organisations, in particular, may focus on the needs of their target groups. They might not be aware of wider policies and activities. Indeed, third sector support structures may even co-exist alongside those of the public services.

Compare these activities with the assessment of local problems and opportunities. This comparison will then highlight the priorities for action.

_add value to what is already happening._

### 4.2 Develop a broad strategy

Experience shows that local employment initiatives are most effective if they are part of a strategy. This enables all activity to be co-ordinated towards meeting common objectives. The strategy should usually include actions to create jobs as well as actions to help people into these jobs. In other words, it should consider the ‘demand’ for labour as well as the ‘supply’ of labour. It should also be ‘owned’ locally and address inequality.

#### 4.2.1 Determine objectives and actions

A local employment strategy might have four overall aims.

- creating new jobs;
- raising the employability of local people;
- helping people into jobs; and
- reducing inequality.

Some ideas for meeting each of these four aims are offered below.

<table>
<thead>
<tr>
<th>Creating new jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>promote the locality to inward investors</td>
</tr>
<tr>
<td>encourage the creation of new businesses</td>
</tr>
<tr>
<td>create social enterprises</td>
</tr>
<tr>
<td>encourage a local culture of enterprise</td>
</tr>
<tr>
<td>identify job vacancies in neighbouring localities</td>
</tr>
</tbody>
</table>
### Improving employability

- identify employers’ skill needs and train people to meet these needs
- identify growth sectors and train people to work in these sectors
- recognise the prior experience and skills of people and their communities
- create ‘intermediate’ or ‘sheltered’ employment opportunities to help long term unemployed people back into work
- identify and retrain people at risk of redundancy
- encourage those with the right skills to commute in from other areas

### Helping people into jobs

- offer new facilities for care of dependants
- meet travel costs
- resolve transport problems
- provide better information about job vacancies
- encourage employers to adopt flexible working practices
- hold events that bring employers and jobseekers together

### Reducing inequality

- create jobs suitable for disadvantaged groups
- customise guidance and counselling services to the needs of disadvantaged groups
- challenge discrimination in education, training and employment
- encourage employers to recruit from disadvantaged groups, particularly where they have no tradition of doing so
- make different groups aware of sectors and jobs that they have not traditionally entered
- empower target groups and communities by including them in the planning and implementation of projects

#### 4.2.2 Local ownership

The key benefit of local employment development is that it can meet specifically local needs. Local partners are often best placed to identify and meet such local needs. So they need to be fully involved in the design and implementation of a local employment strategy. They need to ‘own’ it.

Ensuring local ownership takes time. It can involve:

- offering membership of the partnership to any local actor with an interest in employment;
- creating partnership structures that involve local actors on a regular basis;
- sharing the power to make decisions;
- gaining consensus on the broad objectives of the strategy;
- getting the partnership to endorse specific activities;
• involving a large number of actors in implementation;
• seeking financial contributions from several different partners; and
• keeping all local actors and local people informed of progress.

The Pilot Intervention to Promote Employment at Local Level in Greece used public conferences to strengthen local ownership of its action plan. The conferences made decisions and promises more visible and made it harder for partners to renege on their commitments.

www.eetaa.gr/tsda

4.2.3 Ensure equality

As well as taking specific actions to reduce inequality, a local employment partnership should incorporate equal opportunities into all its activity. This includes the operation of the partnership and all employment actions, whether directly addressing equality or not.

A partnership should take five key steps to ensure equality. These steps are an integral part of designing, implementing, monitoring and evaluating the strategy.

• Develop an equal opportunities policy to which all partners can commit.
• Draw up a ‘starting point’ from which to measure progress.
• Set targets for equality objectives.
• Collect monitoring data systematically throughout the life of the strategy.
• Evaluate progress and review policy and targets at regular intervals.

4.3 Implement the strategy

Having created the right conditions, researched the local area and developed a strategy, a local employment partnership can then fully implement that strategy. This involves testing the effectiveness of actions in a pilot phase, finding resources for the full strategy and then designing and implementing an action plan.

4.3.1 Pilot actions

Pilot projects allow the testing of approaches to local employment development. They provide invaluable feedback from practical experience as well as comments from any target groups. These can be used to refine the approach. When implementing changes highlighted by pilot projects or by feedback, record any changes and the circumstances around them for later use in the evaluation.

The size and extent of pilot projects will depend upon the aims and objectives of the strategy. It could involve testing training materials with a small group of volunteers, before recruiting genuine trainees. An entire project could be a pilot scheme. For example, testing an approach to tackling local unemployment with a particular disadvantaged group. If successful, pilot projects can be extended within the context of the wider strategy.
Small pilot projects help refine an action plan and increase its effectiveness.

4.3.2 Find resources

Implementation of the strategy will obviously require financial resources. Some of the partners will have their own resources. But it will probably be necessary to seek additional funding from several external sources. This can create problems if the process is not carefully managed. A few key principles should be followed.

First, develop the partnership’s long-term strategy irrespective of the funding for individual projects. The strategy should focus on what needs to be done. It should continue regardless of the limits of any single source of funding.

Second, seek sustainable funding from a variety of sources, either for the whole strategy or for individual projects. These sources include European, national, regional and local programmes. Combine the different funding sources into a coherent programme and avoid creating a list of ad hoc projects. Carefully consider each funding source before applying for it. Funding sources that are not relevant or that have onerous conditions will divert attention and effort from the main priorities of the strategy.

Third, ensure that the partnership has the capacity to manage the different funding sources received. This does not mean that all funding has to be received and managed by one partner. Different partners can take responsibility for receiving and spending money. But some partnerships may require a ‘lead partner’ to manage funding and demonstrate accountability. This lead partner can then provide the other partners with funding, perhaps through a sub-contracting arrangement.

The next section considers some specific EU funding sources. National sources of funding for local employment development are considered in later sections of this Pracrical Handbook.

A strategy should be fed by funding, not led by funding.

4.3.3 Sources of EU funding

The EU Structural Funds are an important source of funding for local employment development. They support actions that create jobs, help people into jobs, improve employability and reduce inequality at the local level.

The European Social Fund (ESF) is the main EU financial instrument underpinning the European Employment Strategy. It is therefore the most important to local employment development. In the current programming period (2000-06) ESF provides around €9 billion per year. This money supports strategic long-term regional programmes that upgrade and
modernise workforce skills and encourage enterprise. There are three types of regional programme:

- Objective 1: for regions whose development is lagging behind;
- Objective 2: for economic and social conversion in industrial, rural, urban or fisheries-dependent areas facing structural difficulties; and
- Objective 3: for modernising systems of training and promoting employment in all areas except Objective 1 regions.

Programmes are planned by Member States together with the European Commission. They are implemented through a wide range of public and private organisations, including non-governmental organisations and local partnerships. These organisations can apply for support from ESF through the regional programmes.

ESF offers considerable support for local action in the programmes for 2000-06. Indeed, local development is considered as a ‘horizontal objective’ for all ESF operations. This means it should be taken into account in each of the five ‘policy fields’ of ESF. So all regional ESF programmes offer specific funding for local employment development.

### Policy Fields of ESF

- Developing and promoting active labour market policies
- Promoting equal opportunities for all in accessing the labour market
- Promoting and improving training, education and counselling as part of a life long learning policy
- Promoting a skilled, trained and adaptable workforce
- Improving women's access to and participation in the labour market

The European Regional Development Fund (ERDF) provides funding for wider economic development, such as business support services or new infrastructure. It is available to regions designated as eligible for support from Objective 1 or Objective 2.

In addition to the regional programmes, local actors can also receive funding from other EU programmes.

The Community Initiative EQUAL provides ESF funding for new approaches to combat discrimination and exclusion, based on the principles of bottom-up strategy building, partnership and empowerment. EQUAL funds the activities implemented of strategic ‘development partnerships’. A local employment partnership could apply for EQUAL funding for its activities or could co-operate with an EQUAL development partnership in its locality.

ESF funding from Article 6 is available to local actors for innovative actions. Article 6 projects must encourage close co-operation between European, national, regional and local levels, as well as the social partners and third system organisations. They explore new
approaches to the content and organisation of employment, including vocational training and industrial adaptation. Article 6 measures include pilot projects, studies, exchanges of experience and information activities.

Three annual calls for proposals, in 2004–2006, focus on the theme of ‘Innovative approaches to the management of change’. Within this theme, innovative measures must focus on two sub-themes:

- **management of demographic change**: supporting innovative initiatives to promote active ageing and to raise the employment rate of older workers; and

- **management of restructuring**: supporting innovative solutions to restructuring by enhancing the adaptation and anticipation of workers, enterprises and public authorities.

The **Leader+** Community Initiative encourages new approaches to integrated and sustainable development in rural areas. It can support local employment development as part of a wider area-based approach. The emphasis is on capacity building, empowerment of local actors and targeting of local activity. Action 1 is most relevant to local employment development. It funds the integrated territorial development strategies of ‘Local Action Groups’. Action 2 supports co-operation between rural localities. Action 3 disseminates information from the national to the local level.

The **Urban II** Community Initiative supports innovative strategies for sustainable economic and social regeneration in a limited number of urban areas throughout Europe. Again, the emphasis is on capacity building, empowerment of local actors and targeting of local activity. Activities supported include job creation and the integration of disadvantaged groups into education and training.

The current Structural Funds programmes operate until 2006. A new programme will operate from 2007-2013 focusing on the objectives of convergence, competitiveness and co-operation. In addition to the ERDF, ESF and Cohesion Fund will be a new legal instrument to overcome obstacles to cross-border co-operation, the European grouping of cross-border co-operation (EGCC).

### 4.3.4 Full implementation

Having piloted the actions and found funding for the full strategy, the partnership can then implement the full strategy. Full implementation usually requires the aims and objectives of the strategy to be converted into an action plan. The action plan will include specific and measurable actions as well as the responsibilities of each partner. It provides the basis for reviewing progress.
4.4  Review progress and learn from it

Reviewing progress is vital as it allows a partnership to:

- clarify the ‘starting point’ and allow later comparison;
- identify problems and resolve them;
- demonstrate the progress and achievements of the action plan;
- identify good practice to share with others; and
- highlight new problems and opportunities requiring further research and action.

4.4.1  Choose performance indicators

Choosing and developing measurable ‘performance indicators’ enables a partnership to demonstrate the achievements of its action plan. Performance indicators can demonstrate success in achieving objectives but also help make the criteria for success clear to everyone. They should not only consider the immediate output of activity, such as jobs created or people trained. They should also consider the wider impact on local employment.

Indicators need to be as relevant and objective as possible. Ideally, all the partners should agree on the choice of indicators. The final choice should include both ‘quantitative’ and ‘qualitative’ indicators.

**Quantitative** indicators (numbers and statistics) are specific and measurable. They are useful for demonstrating starting positions and concrete facts and outcomes, such as financial expenditure or numbers of people receiving training. But they do not always demonstrate the ‘wider picture’. Use standard definitions where possible, to allow comparison with other localities.

**Qualitative** indicators (opinions and attitudes) reflect the life experiences of individuals and organisations. They can be important measurements of skills, such as communication and inter-personal skills, which are usually overlooked by quantitative indicators. They can be particularly important for projects working with disadvantaged groups as they can help to show personal progress towards finding a job.

*Use an Indicator Matrix to link the action plan objectives to specific indicators. The Matrix should list objectives hierarchically and plot activities and milestones against each objective. Select a ‘basket’ of indicators to correspond to anticipated achievements towards each objective.*

4.4.2  Monitoring

Action plan monitoring is an ongoing process that should continue throughout the implementation of the action plan. It consists of recording outcomes against the performance indicators.
Monitor the action plan is important because it:

- allows the partnership to see if it is on schedule;
- helps to review ongoing performance;
- keeps the partnership informed of emerging issues; and
- satisfies the information demands of funders and other interested parties.

Monitoring systems should effectively and efficiently gather all the information needed in a usable form. It may not be possible to develop a standard monitoring system for all projects because of the differences in client groups, starting positions and the context in which they operate. However, common data from all projects should feed into the monitoring systems of the overall action plan. Monitoring systems should not be too complicated. They should only collect essential data. To ensure that the monitoring systems are performing correctly, consider a small pilot test of the systems.

A good monitoring system primarily monitors:

- **inputs** of resources such as time and money to ensure that budgets are respected; and
- **outputs**, by using indicators to assess progress towards action plan objectives.

### Monitoring helps to keep track of day-to-day activities.

#### 4.4.3 Evaluation

Evaluation determines the value of the action plan by looking at the overall achievement of aims and objectives. It judges the overall success and wider impact of a strategy. Evaluation involves the analysis and interpretation of action plan data provided by the monitoring systems to identify achievements and areas of weakness. But evaluation is about more than simply tracking information. It answers questions about why and how things happened.

Evaluation of the action plan highlights factors and circumstances that affected what worked and what didn’t. By gathering this information the partnership will be better placed to understand its successes and learn from its mistakes.

Two types of evaluation can be undertaken.

- **‘Internal’** (or ‘self-’) evaluation by someone within the partnership. Evaluators should be sufficiently skilled, or offered suitable training. They must be provided with the time and resources to conduct an effective evaluation. Additionally, they will need to know what data will be available to them, as well as having some experience of research methods, data analysis and data presentation.

- **External** (or ‘independent’) evaluation. External evaluators can offer specialist expertise and broad experience. Their independence and objectivity lends credibility to the evaluation, particularly with external funders and policymakers. Using an external
evaluator also avoids burdening the partnership with a task that it may lack the time and the skills to do effectively.

A final or **summative evaluation** is essential to assess overall lessons from the action plan. Some partnerships also conduct **formative evaluations**, which report at key points in the action plan. They track progress and enable adjustments to be made. The scope of an evaluation should be proportionate to the scale of the partnership’s activity.

The focus of the evaluation will depend on:

- the objectives of the strategy, which will influence what is evaluated;
- the purpose of the evaluation and what it will be used for; and
- the audience for the evaluation; for example, the partnership, the wider community or external funders and policymakers.

### 4.4.4 Promote successes

A local employment partnership should promote its activities and successes in three ways. All three are inextricably linked and should take place throughout the life of an action plan.

Firstly ‘**publicity**’, which makes people aware of the partnership and its activity. Publicity can maintain important public and political support for the partnership. It may be required by funders, who want public recognition of their financial support. For example, projects receiving ESF or ERDF funding are required to display prominently the relevant logo. Publicity is also important in encouraging individuals to take up new training opportunities or businesses to use new support services.

Secondly ‘**dissemination**’, which promotes the achievements of the partnership. It provides information about the quality, relevance and effectiveness of new products and processes. The aim is to convince others to use these new products and processes or at least learn the lessons. For example, the partnership might promote new training materials to networks of training providers in order to generate commercial income.

Thirdly ‘**mainstreaming**’, which aims to ensure that the partnership’s achievements become part of regular provision or practice. It is primarily targeted at policymakers and funders at all levels. Mainstreaming aims to convince policymakers and funders to adopt new methods or approaches to tackling a problem. It enables EU, national and regional policy to respond to the lessons learned at the local level. Mainstreaming can also ensure that the partnership receives long term, sustainable funding from EU, national or regional programmes.
The HOME project in Puglia (I) trained local unemployed people in the maintenance and refurbishment of housing and the local environment. The partnership publicised the project to local residents to keep them informed of achievements and to recruit them to the training. It also disseminated information to other practitioners via a printed brochure, an international seminar and an evaluation report. Through this activity, it made other national public bodies aware what could be done through innovative activity at the local level.

Promote the partnership and its activity throughout the life of the action plan.
5.0 GOVERNANCE AND POLICY CONTEXT

This section outlines the governance context for regional policy and for employment policy in the New Member States and Candidate Countries. It offers an insight to potential promoters of local employment development initiatives or partnerships of the structures that are in place or currently being developed.

5.1 Regional Policy

All New Member States and Candidate Countries have made efforts to increase the involvement of regional and local actors in employment development. In particular, the Central European Countries (CECs) have been decentralising their policies since the beginning of the transition process in the early 1990s. Still, the practical outcomes of the regional structures are limited as the policy instruments are often in their infancy.

In general, it can be said that the institutional structures for regional and local development have been set up in all New Member States and Candidate Countries.

### National Regional Development Council, Hungary

In Hungary, Regional Development Councils (RDCs) have been established at all levels, i.e. national, regional (NUTS 2 level) and county (NUTS 3 level). Each RDC oversees its respective Regional Development Agency, which is responsible for the preparation of regional development concepts, programmes and also for their implementation.

The National Regional Development Council consists of: ministers, a representative of the county RDCs, the president of the national chambers of economy, employers’ and employees’ representatives, the Lord Mayor, and the joint representative of the national associations for the protection of the common interests of local government. The chairman of the Board of the Hungarian Entrepreneurial Development Fund, the president of the Hungarian Investment and Development Bank and the president of Sciences and his representative, are also present but do not vote.

The main responsibilities of the National Regional Development Council include:
- design and implementation of regional development policy;
- co-ordination of national and regional development programmes; and
- allocation of regional development funds.

Despite this promising environment, the implementation of regional and local policies experiences various start-up problems. These problems are mostly attributed to the fact that the institutions have not existed for long and include limited financial resources, inexperienced staff and sometimes a lack of computerised labour market information systems.

Regional and local development policies tend to overlap with related policy areas such as labour market policy, small business development, enterprise restructuring and attracting foreign direct investment. All these policy areas are still in their formative phases in the
CECs. But regional and local actors should seek to co-ordinate the different policies and funding sources into a single coherent strategy, whenever possible.

A number of common challenges faced are outlined below:

- Decisions on employment issues are still taken centrally, leaving less scope for local initiative;
- Public administration at the local level has limited capacity and hence a limited input into the consultation process on labour market issues;
- There are often overlapping responsibilities in the institutional system. This makes it difficult to achieve accountability and transparency and risks conflict among civil service ministries. Bureaucratic structures also render the systems less efficient overall;
- Social dialogue or a concrete role for social partners and organised civil society is still under development.

As a first step, promoters of local employment development initiatives should gain an understanding of the environment in which initiatives and partnerships will be developed. When starting up new initiatives, it is important to examine what institutional structures are in place, if any supportive policies are in place and what is the local expertise and resources that can be used from the chosen territory. This knowledge will be important for the success of any initiative or partnership, especially since the surrounding institutional and policy context may be in development.

5.2 Regional and sub-regional levels

When developing regional employment initiatives, it may be useful to co-operate with, or even work within, the existing regional structures. Even if regional structures are still under development, taking them into account in developing an initiative enables partners to make use of their facilities and gain access to more funding sources. Furthermore, operating within existing structures may help to further improve them and eliminate overlaps. This subsection describes how regional structures have developed, which helps to understand their working.

In the New Member States and Candidate Countries, there has been extensive debate about the appropriate structures for territorial administration and/or self-government to ensure effective implementation of regional development initiatives. In most CECs, some reforms were implemented before accession to the EU was on the agenda. In several countries, these reforms resulted in the creation of a highly fragmented structure of territorial units, comprising numerous small local government units, lacking a regional administrative level capable of exercising a self-government role.

With the prospect of joining the EU, the development of territorial administrative structures was boosted. *Agenda 2000* reinforced the principle according to which New Member States were to adopt the entire *acquis communautaire* at the moment of their accession, including all rights and obligations. This implied that accession countries needed to improve their administrative capacities at the regional level in order to manage structural funds. Thus, the
Commission envisaged that Phare resources could be used to prepare the countries for this task in the framework of pre-accession structural assistance. Hence, the Commission and the pre-accession framework became catalysts for a process in which regions of the CECs increase their political robustness.

In 1997, the Commission came to the overall assessment that Hungary, the Czech Republic, Estonia and Poland had sufficient administrative capacity to implement structural and cohesion policy in a medium-term perspective, while in Bulgaria and Slovakia significant reforms were necessary. By 1998, Estonia had initiated a reform of its territorial organisation, Poland decided to establish self-governed voivodships and districts, and the Czech Parliament decided to establish 14 regions.

Table 1 shows the territorial administrative structures at regional and sub-regional level in the 10 New Member States and 3 Candidate Countries. The administrative structures described as ‘Regional’ differ widely from country to country in terms of geographic size, population and political authority. Roles and responsibilities that are fulfilled at the regional level in one country will be fulfilled at the national or local level in other countries.

**Table 1 Territorial administrative structures in New Member States and Candidate Countries**

<table>
<thead>
<tr>
<th>Country</th>
<th>Regional Level</th>
<th>Sub-regional level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>28 regions</td>
<td>262 municipalities</td>
</tr>
<tr>
<td>Croatia</td>
<td>20 counties</td>
<td>122 towns and cities; municipalities</td>
</tr>
<tr>
<td>Greek Cyprus</td>
<td>5 provinces</td>
<td>24 municipalities</td>
</tr>
<tr>
<td>Turkish Cyprus</td>
<td>1 province</td>
<td>9 municipalities</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>14 regions</td>
<td>77 districts and 6,242 municipalities</td>
</tr>
<tr>
<td>Estonia</td>
<td>15 counties</td>
<td>254 local administrative units</td>
</tr>
<tr>
<td>Hungary</td>
<td>7 regions</td>
<td>19 counties + Budapest 3,126 settlements</td>
</tr>
<tr>
<td>Latvia</td>
<td>33 regional governments (26 districts and 7 republic cities)</td>
<td>59 towns 19 amalgamated municipalities 453 rural municipalities</td>
</tr>
<tr>
<td>Lithuania</td>
<td>10 counties</td>
<td>55 municipalities</td>
</tr>
<tr>
<td>Malta</td>
<td>None</td>
<td>54 Local Councils in Malta 14 Local Councils in Gozo</td>
</tr>
<tr>
<td>Poland</td>
<td>16 regions</td>
<td>373 counties 2,489 municipalities</td>
</tr>
<tr>
<td>Romania</td>
<td>41 counties + Bucharest</td>
<td>2,685 communes</td>
</tr>
<tr>
<td>Slovakia</td>
<td>8 regions</td>
<td>79 districts 2,875 municipalities</td>
</tr>
<tr>
<td>Slovenia</td>
<td>None</td>
<td>193 municipalities (including 11 urban)</td>
</tr>
</tbody>
</table>
5.3 Employment policy

The previous sections have described regional structures in general. This sub-section focuses specifically on employment policy.

5.3.1 Main policy issues

Employment policy is an important issue in the New Member States, in view of their accession to the EU. All 13 countries, except Turkey, have carried out a joint assessment of the employment policy with the European Commission. The policy issues mentioned in these assessments include the following:

- Reform of the public employment services so that they play a more active role in the activation and reintegration of unemployed and inactive people;
- Co-ordination of the tax and benefit systems to provide incentives to work and to create jobs;
- Completion and reinforcement of the institutions required for implementing the European Social Fund;
- Implementation of measures to address gender inequality;
- Reform of Vocational and Educational Training together with measures to reduce drop-outs in basic and secondary education; and
- Tighter focus in relation to regional aspects of employment policy.

Regional employment is only one dimension of the joint assessment reports. Although many authors state that local and regional employment development should have more attention, only about half of the countries have specifically focussed on regional aspects in the joint assessment reports. The focus ranges from providing a better institutional structure for regional employment policy, to promoting regional mobility and promoting more access in all regions to labour market programmes. As these changes take place, more labour market instruments may become available and the institutional structure will improve.

5.3.2 Regional and local employment development

At the national level, the ministries of labour (and social affairs) generally take responsibility for this area. The ministries directly supervise the public employment service (PES), which usually takes the form of a national employment (or labour) centre (or board). These usually operate through a network of regional and local employment centres. Sometimes these centres are tripartite institutions. Labour market and employment policies are administered

<table>
<thead>
<tr>
<th>Country</th>
<th>Regional Level</th>
<th>Sub-regional level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>7 regions</td>
<td>81 provinces (&gt;40,000 villages)</td>
</tr>
</tbody>
</table>

Sources: Bachtler, Downes and Gorzelak (2000); embassies of Turkey, Cyprus, Slovenia; ministries of interior and governments’ official websites
centrally but the regional and local employment centres have a high degree of freedom regarding the practical implementation of these policies.

Public Employment Service of Slovenia

In Slovenia, the Employment Service structure is already well developed, partly because economic transformation began earlier there than in other CECs and its stronger economy allowed it to devote more resources to the employment centres and to labour market policies. It managed to establish its regional network of labour offices fairly quickly and to train staff for their new tasks. Slovenia also created good, computerised labour market information systems.

The Employment Service of Slovenia (ESS) operates at three levels: central, regional and local. Local offices (59) provide services in connection with job placement and work, career advice and rights arising from unemployment insurance. They operate employment programmes, provide vocational guidance for young people and adults, and arrange scholarships.

Regional offices (12) perform professional and operational tasks in their territories, monitor and study employment and unemployment trends, consult and provide their local offices with operational assistance, and work with employers, service providers and regional and local players on the labour market.

The central office ensures a uniform method of execution of professional and operational procedures. It also provides analytical, legal, personnel, financial, accounting and organisational development support for all organisational units of the ESS. Besides the ESS, there exist also 12 regional development agencies (RDA) that are organised in the 12 statistical regions of Slovenia. Obviously, municipalities also play a key role in employment policy at the local level.

www.sigov.si/mddsz

The national employment centres are relatively new institutions that are facing challenges in terms of acquiring the financial, legal and political capacity to operate effectively. The situation differs from country to country, with some examples of countries where the Employment Service structure is well developed, such as Slovenia.

The specific challenges faced by local employment centres include:

- **Staffing issues.** The ratio of registered job seekers per member of staff in an employment centres is still high by international standards in many New Member States and Candidate Countries. So staff may be constrained by relatively large workloads. They may also have limited experience, particularly of local employment development. However, the situation is improving and is much better than in the early years of transformation.
• **Credibility with employers.** Due to their heavy workload, job mediators may struggle to screen job seekers properly to match their skills with the requirements of reported vacancies. As well as resolving this problem, employment centres need to rebuild the confidence of employers in the quality of candidates recommended by them.

• **Financial issues.** Financial difficulties at the national level may result in the discontinuation of some labour market intervention funds during the fiscal year. Moreover, some countries have over-bureaucratic rules requiring job seekers to report regularly to labour offices and complicated procedures for the payment of benefits.

• **Division of responsibilities** between the centre and regional or local offices: The regional and local structures are in daily contact with local labour markets, job seekers and employers. So they are often in the best position to address their needs. But in some countries they may be constrained by over-centralised policy setting and funding. Employment promotion measures are usually formulated at the centre, together with targets for implementation, leaving the regional and local offices with little opportunity to make their own decisions. In this respect, Hungary and Poland are more advanced, as they have delegated wide competencies and decision-making powers to lower levels. Regional offices have considerable autonomy in formulating and implementing employment policy as well as in regulating the regional labour market.

The public employment service has the potential to be an important member of a local partnership, acting through its local employment centre. But the local employment centres need to overcome a number of challenges before this potential is fulfilled.

5.3.3 **Need for Collaboration**

Regional differences in employment, economic and social development are increasing in many of the New Member States and Candidate Countries. Consequently, there is more support for intensified regional and local initiatives. But policymaking is still centralised in many countries.

National employment policy sets the key parameters for regional policies in terms of the instruments to be applied and the financial constraints. The funds available for regional programmes may be supplemented from the central budget in crisis regions but the regions themselves must finance the main activities. Regional and local actors should therefore seek to convince national policymakers of the potential for regional and local action. They should also encourage national policymakers to make central actions more flexible and supportive of regional and local employment development.

Social dialogue involving all the key players in the region has to be established. Economic and employment goals have to be set and appropriate policies designed to enable these goals to be reached. Implementation depends on the co-ordinated effort of all the parties involved, i.e. regional and local labour market institutions, government and administrative bodies, companies and employers’ associations, trade unions, educational facilities and others.
An active regional or local partnership can add value by mobilising local resources and institutions, as well as by improving the co-ordination of local employment initiatives. Long-standing institutionalised partnerships have mostly been dependent on the funds available for specific projects, such as Phare. So the challenge is to make these partnerships more sustainable by securing more long-term funding.

The development of a successful local employment partnership may depend on whether a non-profit organisation with determined management is operating in the region. It also depends on the availability of expertise in managing local employment projects and financial planning. So another important challenge is to build the management and financial capacity of partners.

Closer collaboration with regional and local authorities on possible solutions to employment-related problems needs to be improved. The labour market information systems in most countries of this group are still underdeveloped. Moreover, there is space to increase the exchange of information between the centre and regions, and among labour offices at the same level. This is necessary in order to increase the effectiveness of employment services and programmes in future.

The institutional capacity to develop regional and local employment initiatives in many New Member States and Candidate Countries is still developing. However, this should not discourage different partners from starting new initiatives in the field of employment. Commitment from local partners can help overcome the problems that may be encountered through learning by doing.
6.0 ESTABLISHING AND RUNNING A PARTNERSHIP

There is great variation between the different regions and localities in the New Member States and Candidate Countries. Some have little or no tradition of partnership approaches to local employment. Others offer a more clearly defined role to local employment development. When establishing a partnership it is important to know the current context of the locality in question. This section therefore explores the scope for regional and local employment development, given the differences between regions in the New Member States and Candidate Countries.

6.1 Economic Development Context

A local employment partnership should identify the underlying reasons for the wide disparities that exist between and within regions. It should then design appropriate initiatives to address common labour market problems. In the CECs, certain regions have managed to improve their relative position in the initial phase of the transformation, while the position of others has deteriorated.

Two major dimensions are shaping the ability of a region or locality to adapt to new economic conditions:

- the diversification of the economic structure of the region; and
- the overall level of socio-economic development.

The need to diversify the economic structure is particularly important in regions that are overly dependent on just one industry. Such over-dependence often results from the communist era, when confidence in heavy industry and economies of scale led towards concentration and specialisation. Regions often became completely dependent on one specific industry or large enterprise. This led to transitional problems where the region’s main industry was struggling and in regions with little potential for economic development because of poor infrastructure, low educational levels and a weak entrepreneurial tradition.

Similarly, many localities and regions within the New Member States and Candidate Countries continue to be more dependent on agriculture than is the rest of the EU. There is a challenge in terms of reducing over-reliance on agriculture as well as raising the value added of this sector, through bringing semi-subsistence farms into the market, creating alternative jobs off-farm, and ensuring the competitiveness of the commercial sector.

By implication, when the economic structure of a region is more diversified, human resources are more qualified and the level of technological advancement is higher. A more diversified economic structure is linked to entrepreneurship and to more job opportunities. The distance of a region from sources of capital and innovation is also seen as a major dimension shaping a region’s ability to adjust. For example, proximity to an international airport, a western border or a big urban centre is clearly of importance. In addition, foreign capital and domestic sources of finance are needed to promote a region’s overall development.
Regarding the level of socio-economic development, this distinguishes the less-developed rural areas from the more developed urban areas as well as the generally less-developed eastern parts from the western parts in CECs.

An analysis of regional development within CECs points at an important role played by inherited structures for economic development. Those undertaking regional or local employment development should note the challenges facing different types of region.

- First, urbanisation is one of the most important determinants of regional success in New Member States and Candidate Countries. In particular, large cities and capital cities have profited from transition.

- Second, some mono-industrial regions have faced considerable labour market problems in the last decade. High specialisation of regions is considered a vice rather than a virtue, since many of the industries in these regions are in decline.

- Third, peripheral agricultural regions have gone through difficult times during transition. In part, this can be explained by falling agricultural incomes in the New Member States, which was caused by adjustment to higher world market prices of inputs and lower world market prices of outputs. Poverty rates are particularly high in rural areas of the New Member States. The problems of rural areas, however, have also been magnified by past experience. At the beginning of the process of transition, rural areas in CECs were generally characterised by a high degree of specialisation with few alternative sources of income and had an under-developed infrastructure.

When developing employment policy or programmes, the different dimensions should be taken into consideration. Not only do differences in labour market structures and unemployment levels exist, but disadvantaged regions may also have a less developed institutional structure for designing regional employment initiatives. This implies that initiatives in disadvantaged regions face not only intrinsic problems (to match supply and demand) but also institutional problems.

**Partnerships in disadvantaged regions and localities should address the employment and training needs of individuals. But they must also contribute to greater diversification and improved governance at the regional and local levels.**

### 6.2 Targeting a territory

When targeting a territory for employment development, it is often useful to define it in accordance with European standard classifications. This can enhance recognition at EU level. The EU uses a system of *Nomenclature of Territorial Units for Statistics* (NUTS). This provides a single uniform breakdown of territorial units for the production of regional statistics. NUTS regions are classified for analytical rather than administrative purposes. So the administrative structures presented in Table 1 do not directly translate into NUTS regions.
NUTS operate on the basis of population:

- NUTS 1 for regions between 3 and 7 million people;
- NUTS 2 for regions between 800,000 and 3 million people; and
- NUTS 3 for regions between 150,000 and 800,000 people.

Using the NUTS regions as the units for regional employment initiatives offers advantages in terms of obtaining labour market data, accessing EU funding and co-operating with regional institutions.

Most New Member States and Candidate Countries have finalised the classification of their regions according to the NUTS levels. For example, Estonia, Hungary and Slovakia have created territorial units corresponding to NUTS 2 units and the Czech Republic has established statistical regions of NUTS 2 size. The new Polish voivodships also correspond to NUTS 2. In the case of small countries, the entire country may be classified as a NUTS 2 region (such as Estonia and Malta) or even a NUTS 3 region (such as Cyprus). Some large cities such as Istanbul are not divided below NUTS 2 level. NUTS regions have not yet been defined in Croatia.

Table 2: Number of NUTS regions

<table>
<thead>
<tr>
<th>Country</th>
<th>NUTS 1</th>
<th>NUTS 2</th>
<th>NUTS 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>1</td>
<td>6</td>
<td>28</td>
</tr>
<tr>
<td>Cyprus</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Estonia</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Hungary</td>
<td>3</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Latvia</td>
<td>1</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Lithuania</td>
<td>1</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Malta</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Poland</td>
<td>6</td>
<td>16</td>
<td>45</td>
</tr>
<tr>
<td>Romania</td>
<td>1</td>
<td>8</td>
<td>42</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Turkey</td>
<td>12</td>
<td>26</td>
<td>80</td>
</tr>
</tbody>
</table>

However, such classification may create regions that are “oversized” in comparison with the countries’ territory and population and do not fit into the inherited traditional regional structure. So a local partnership should consider carefully whether defining a territory for action on more traditional boundaries would be more appropriate.

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13 Currently only the ‘Greek’ part of Cyprus.
Defining a territory by NUTS regions can provide a good basis for regional action in the field of employment. But such a territory may be too large and therefore unmanageable. It may be better to define the territory by a distinct labour market area or an administrative area, such as a municipality.

6.3 Finding space for a partnership

There is growing awareness of the opportunities that exist at the local level for developing employment. But in most New Member States and Candidate Countries, there is only a limited history of local employment initiatives. Labour market policy has traditionally been the preserve of national (or devolved regional or provincial) government agencies. Countries with limited experience of regional and local employment initiatives should therefore be aware that the scope for new action is very wide but that their limited experience may be an important pitfall. Sound preparation is strongly recommended, as is any effort to learn from experiences in other countries.

Local employment competence in Cyprus

In Cyprus, responsibility for setting up employment development initiatives and employment policy is vested in the National Government. If an employment problem arises in a certain territory, the Ministry of Labour will consult the social partners (i.e. the employee and employer organisations, the chambers of commerce and industry, and the relevant local authorities) before applying any particular initiative or policy. Local authorities do not have competence in the field of employment. But if there is a particular employment problem in its area, the relevant local authority can submit recommendations for action to the Ministry of Labour.

www.pio.gov.cy/estia/lab/employservices.htm

But there is now a clear trend in all the New Member States and Candidate Countries towards decentralisation of labour market institutions to cope with new labour market challenges. New opportunities and structures for local employment are now beginning to emerge. In some New Member States, local employment development is more established within the system of government. These include the Czech Republic, Estonia, Hungary, Poland and Slovenia.

In these countries, powers have partially been devolved to a local level, though there are not a large number of partnerships, programmes, initiatives and actions with overlapping functions. In general there is a sound basis for local employment development. In practice, this means that the scope for new initiatives and partnerships is very wide. Still, the limited experience in the New Member States also means that examples of good practice are relatively few and there remains a lot to learn.

Countries that have clearly defined the role of local employment development have more experience, which should make it easier to set up new initiatives. In these countries, however,

www.pio.gov.cy/estia/lab/employservices.htm
new partnerships should be more aware of possible overlap with existing partnerships and initiatives. For this reason, it is recommended to be aware of all existing initiatives in the target region or locality.

**Polish Local Employment Pacts**

The priorities of Poland’s *National Strategy for Employment and Human Resources Development 2000-06* are in line with the objectives of the European Employment Strategy. They were adopted by the regional authorities in the process of preparing the regional development strategies, ensuring eligibility for EU financing of the strategies. In particular, the *Regional Human Resource Development Programmes* support the development of local employment partnerships, including training and advisory services for local authorities and social partners.

Within this context, the Polish Agency for Enterprise Development has provided assistance to the development of local employment pacts. This includes support to:

- increase the competence of regional and local partners with regard to the implementation of the human resources development policy; and
- improve co-operation between local self-governments and social partners in effective employment policy-making and implementation.

[www.parp.gov.pl](http://www.parp.gov.pl)

### 6.4 Partners

#### 6.4.1 Social partners

The social partners contribute to employment policy through tripartite advisory structure at the national level in all New Member States and Candidate Countries. But their role at the regional and local levels is less clearly defined. Indeed, in many regions and localities they are not involved at all in partnership.

To involve the social partners in a local employment partnership, consider what support is available from EU and national programmes. For example, the Polish Local Employment Pacts provide specific support for local government and social partners to work together.

If no such support is available in a particular country, social partners can be encouraged into local employment activity through specific projects. Some EQUAL partnerships in the Czech Republic and Hungary include private enterprises as partners. For example, the *DMJV Onkormanyzat – knowing how to work* partnership includes employers in the catering and construction industries. The employers provide training in the workplace for Roma people, who would not otherwise benefit. ([www.debrecen.hu](http://www.debrecen.hu)).
6.4.2 NGOs and the Third Sector

Non-governmental organisations (NGOs) have the potential to play a very important role in promoting the employment of vulnerable social groups. In the New Member States and Candidate Countries, the EQUAL Initiative will be key to realising that potential. The ten EQUAL partnerships operating in the Czech Republic and Hungary all include NGOs or non-profit private organisations as partners. Indeed, the Supported Employment partnership in the Czech Republic is led by Rytmus, an NGO providing services for people with disabilities.\footnote{http://rytmus.nms.cz}

In addition to EU-funded programmes, there may be possibilities for NGOs to be involved in other local employment activity. For example, Hungary is running some experimental labour market programmes outside those specified by the Employment Act. These programmes are organised either by labour offices or by other public organisations in close co-operation with local civic organisations. The joint activities of labour market institutions and NGOs, supported by local governments and possibly other institutions, may mobilise local resources and reintegrate the socially vulnerable more effectively than institutionalised programmes.

**Improvement of disadvantaged Roma families’ social position through training – Progress Enterprise Development Foundation (Hungary)**

This EQUAL partnership addresses the multiple disadvantages that Roma people face when seeking employment. These include a low level of education and qualifications, cultural differences and discrimination. It aims to increase participation by targeting families rather than individuals. The support provided includes personal development programmes, vocational training, placement in employment, career guidance and aftercare support. Training is offered in bricklaying, carpentry or childcare.

The partnership includes employment services, governmental organisations and NGOs. It demonstrating how different organisations can co-operate and learn from each other. Civic organisations have learned to adapt to working in a competitive environment. The economic partners, such as employers, have become more familiar with the problems of those suffering disadvantage. Organisations representing the Roma, such as the Gypsy Educational Society have gained professional experience. Overall, the new partnership structures have formed the basis for longer-term activity.

www.lea-szeged.hu
6.4.3 Regional development agencies

Regional bodies, such as regional development agencies are still in the development stage in most New Member States and Candidate Countries, but are likely to play an important role in the future. Such regional development agencies are usually formed at county-level. Indeed, most CECs have established regional agencies to co-ordinate policy, including employment policy.

For example, the Czech Republic, Hungary and Slovakia currently have 13, 12 and 5 regional development agencies respectively, in operation. Most of these agencies are organised as joint stock or limited liability companies, while some have the legal form of a foundation. Some are dependent on national government for funding and recognition. The institutional network of agencies at the regional level overlaps with regional activities and institutions for business development, tripartite interest representation and labour market policy. In some countries, these are merged. In Slovakia for example, the regional socio-economic councils, tripartite bodies of interest mediation, act as co-ordinating institutions for regional development.

Regional Development Agencies in Slovenia

Regional Development Agencies (RDAs) operate in 12 regions in Slovenia. RDAs are preparing medium-term regional development programmes until 2006, including two separate elements of regional development: Human Resource Development and Labour market and employment development.

Municipalities and the Public Employment Service in Slovenia cooperate with RDAs in preparing these regional development programmes. They actively participate in the institutionalised decision-making bodies, or Project Boards. They also participate in the professional and operational bodies, or Programme Councils. Project Boards and Programme Councils define medium-term goals of regional development and the actions and projects to be supported.

www.gov.si/arr

When starting new local employment initiatives, make use of any available region-based experience and take account of and co-operate with the existing regional development agencies. But avoid overlap with programmes that are already in place, in order to add value to current activity rather than duplicating existing efforts.

6.5 Building Capacity

As mentioned earlier, labour market institutions in the New Member States and Candidate Countries have been or are being restructured, to cope with the new challenges of the labour market. These young institutions face the need to build capacity in terms of staff, labour market information, monitoring systems, work organisation and funds for the provision of employment services to clients. The ability of the regional and local authorities to realise
their own development goals should also be strengthened. Although capacity building is in progress in some New Member States and Candidate Countries, for most of them capacity building is in the early stage of development.

This section outlines different types of capacity building, presents some examples of current practice and offers practical advice on how capacity building can be strengthened.

Capacity building is particularly important in the New Member States and Candidate Countries where there is only recent experience of local employment development. Before undertaking specific activities, it is necessary to create an environment that is favourable to undertaking local employment development. This includes closer co-operation between labour market institutions and governments at their respective levels.

The capacity of the local employment offices can be strengthened by:

- increasing the capacity and numbers of trained members of staff;
- appointing more job mediators to support job seekers directly;
- continuing to train staff regularly; and
- promoting contacts between offices, allowing them to share experience and learn from each other.

For example, the Lithuanian local employment agencies are developing a training curriculum and methodological material on project preparation, project management, evaluation, financing and monitoring, for employees that are involved in local employment initiatives.

Regional and local authorities in New Member States and Candidate Countries do not have a long tradition of employment development. They have often considered employment to be a responsibility of labour offices. So in the past, co-operation with labour offices was mostly related to public works, such as the cleaning and maintenance of public buildings and green areas, environmental protection and the provision of social care.

However, regional and local authorities are now becoming more actively involved in employment development. New jobs for local people can be generated directly and indirectly by these activities. They include:

- investing in technical infrastructure to improve general conditions for business;
- establishing local technology parks or industrial parks;
- offering premises to small entrepreneurs at affordable prices;
- funding specialised non-profit agencies providing support services to small and medium entrepreneurs; and
- constructing municipal housing.

Labour offices play an important role in job creation through implementing labour market policies and programmes that seek to reintegrate unemployed people. These include business start-up programmes, labour market training, public works and job creation programmes.
Very often, local governments initiate such activities jointly with labour offices. They collaborate on the formulation and implementation of economic development strategies and on resource mobilisation with other key economic actors in the region. These include employers and their organisations, trade unions, financial institutions, civic organisations, educational institutions and others. Tripartite bodies (government and social partners) may co-ordinate their work.

So in many regions and localities, the potential for local employment partnerships exists. But there is need to build the capacity of any partnership and indeed the capacity of the partners themselves.

<table>
<thead>
<tr>
<th>The key success factors for local and regional capacity building include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>involvement of the social partners;</td>
</tr>
<tr>
<td>decentralised policy-making and independent regional decision-making;</td>
</tr>
<tr>
<td>diversification of regional economies;</td>
</tr>
<tr>
<td>clear targeting and efficient monitoring; and</td>
</tr>
<tr>
<td>commitment of key individuals.</td>
</tr>
</tbody>
</table>
Bulgaria provides some interesting lessons for all the New Member States and Candidate Countries.

**Capacity building in Bulgaria**

The following issues regarding capacity building were mentioned in the working document 2002 of the EU-Bulgaria Joint Consultative Committee.

- Within the institution-building process strong emphasis must be placed on capacity building within institutions. This includes the capacity to participate, manage, implement and evaluate in effective, accountable and transparent ways.
- Fiscal decentralisation is important for municipalities to achieve financial independence in the areas of health, education and social support.
- It is important to have effective regional and local institutions, actors and functions, with the involvement of the social partners. Clear links are needed between central, regional and local authorities in planning and financing. Business associations must function effectively at regional and city level. Local and sectoral financing of SMEs is important.
- Regional and local strategies that develop social and human capital require a degree of autonomy for regional and local ‘leaders’. They are assisted by local and regional cultures, a sense of identity and loyalty to the locality or to the region. The existence of local and regional scientific, cultural, business and professional associations is particularly important.
- Attaining balanced sustainable regional development cannot be achieved from the centre. Government support is necessary but the principles of sustainable development must be used and applied at all levels.
- Regional strategies for developing competitive advantages are necessary in order to set in motion new dynamics within and between the regions.

http://europa.eu.int/comm/enlargement/bulgaria/

### 6.6 Good practice in promoting local employment development

In summary, new local employment development partnerships in the New Member States and Candidate Countries need to focus on:

- strengthening capacity by improving their human capital through training;
- finding ways to gather and organise labour market information;
- finding out if there is any relevant local experience they can build on;
- avoiding overlap with current activity;
- liberalising employment services and training programmes for the unemployed (privatisation may be a consideration here);
- making training programmes more practical and demand driven;
- improving expertise in managing local employment projects and in financial planning in general;
- identifying national and EU funding for the initiative; and
• exchanging experience with local partnerships in other EU member states.

Although the New Member States and Candidate Countries have only a recent tradition of local employment development, there are some examples of good practice. *Grants for Job Creation* in Lithuania is one such example.

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**Grants for Job Creation, Lithuania**

In 1999, the Lithuanian Ministry of Social Affairs and Labour established a local employment initiatives programme that provides grants to companies to create new jobs. The partners involved were municipalities and local public employment agencies. Besides the creation of new jobs for the unemployed, the main goal is to strengthen local partnerships. Two of the key project selection criteria require that at least two local partners provide financial support to the project and that the respective municipality also provides support to the project. This support can either be financial or by allocating premises, equipment, tax benefits, etc. to the initiative.

Local branches of the National Employment Agency promote the programme and assess applications. A local “evaluation board” includes municipalities and employers. The target group consists of socially vulnerable groups. Micro and small enterprises can apply for projects, as well as non-profit companies and social enterprises.

Over the years this programme has grown and has become more focused. Success factors for this initiative include:

• the straightforward application procedure;
• transparent selection of projects based on clearly defined criteria; and
• tight targeting of areas of very high unemployment.

[www.ldb.lt](http://www.ldb.lt)
7.0 ACCESSING FUNDING

Accession to the European Union has been an important incentive for the development of regional policy in the new Members States and Candidate Countries. The prospect of European Structural Funds has encouraged the creation of regional and sectoral development programs, and modern administrative structures and procedures within the context of national administrative systems. Regional policy has been shaped according to European structures and with support from European funds.

7.1 EU funding sources

New Member States will benefit from current programmes operating in the EU. In financial terms the most important of these are the Cohesion Fund and the Structural Funds (ERDF, ESF, EAGGF, and FIFG) which finance national and regional programs as well as 'Community Initiatives', such as EQUAL. In addition, various specific programmes in the domain of education, research and social policy exist, for example Leonardo da Vinci and the Action Programme to Combat Discrimination.

Candidate Countries may also benefit from specific instruments that are not available to EU member states. (The New Member States previously benefited from such instruments but must now rely on the Structural Funds.) These instruments are not focused specifically on regional and local employment development but are broader in nature. For example, the Phare Programme has supported the re-structuring of the Public Employment Service in Hungary. Nevertheless, local employment initiatives may find ways to benefit from the EU funds outlined in Table 4 below.

Table 4 EU funding instruments

<table>
<thead>
<tr>
<th>EU Programme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Innovation Strategies (RIS)</td>
<td>Sixteen Regional Innovation Strategies were developed in the New Member States or Candidate Countries in 2001/2002. Regional Innovation Strategies employ a variety of measures to embed innovation at the heart of further regional reforms to legal and regulatory environments. These include schemes to support innovative small and medium-sized enterprises, diffuse knowledge and technology in the regional economy, and establish innovation-friendly policy-making with the capacity to make full use of the support available from the European Structural Funds. For New Member States and Candidate Country regions, the RIS projects are especially important as ways of facilitating their countries' paths to accession. Regional Innovation Strategies in the Newly Associated Countries (RIS-NAC) strategies also reorient research policy to strengthening relations between research and industry. A priority is to improve co-ordination between different funding and policy-making agencies, and to extend consultation with</td>
</tr>
<tr>
<td>EU Programme</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>the business community.</td>
<td></td>
</tr>
</tbody>
</table>

In 2001/2002 the first 16 projects to carry out innovation strategies in the following Newly Associated Countries (NACs) Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia were launched. The main objective was to develop regional innovation strategies in NAC regions by following the RITTS/RIS project scheme and methodology. Each NAC region is accompanied by at least one EU region that has already undertaken a RITTS/RIS project. This approach will ensure that NAC regions will take full advantage of the experiences gained through the previous formulation of innovation strategies in partner regions.

| Phare | The Phare Programme is the main channel for the EU’s financial support for economic restructuring in the Central and Eastern European Countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia). Phare has shown a continuing flexibility in adapting to the changing priorities and limitations of the reform process in each of its partner countries. The aims of Phare have been re-worked to take account of countries' specific priorities as they prepare for accession. All Phare activities now focus on two priorities:  

- helping national administrations to acquire the capacity to implement the acquis communautaire; and  

- bringing industries and major infrastructure up to EU standards by mobilising the investment required. Phare continues to operate in Bulgaria and Romania. 2003 was the final programming year for the New Member States, but contracting of projects will continue till 2005 and payments based on these contracts can continue till 2006. |

| Phare Cross Border Co-operation (Phare CBC) | Phare CBC recognises the specific problems faced by border regions. The objective is to promote co-operation between the border regions of central and eastern Europe and adjacent regions of the Community and other applicant countries of central and Eastern Europe. Funding has been available for cross-border co-operation programmes to support co-operation between Phare countries and the adjoining border regions of the European Union. Cross-border co-operation programmes initially focused on regions with development problems or in areas where border conflicts had taken place. Complementary financing in the EU's border areas is provided under the INTERREG programme. Financed from the |
structural funds, the INTERREG programme supports co-operation between border regions in different EU Member States.

SAPARD encourages the structural adjustment of agriculture and rural areas, as well as in the implementation of the *acquis communautaire* concerning the Common Agricultural Policy and related legislation. SAPARD operates until the end of 2006. However, accession countries may only benefit from SAPARD prior to joining the EU.

SAPARD finances major agricultural and rural development projects with an annual budget of €520 million and is under the responsibility of DG Agriculture. Although Sapard is not focussed on local employment initiatives, local employment development may be part of a Sapard project, for example through developing disadvantaged regions.

Cyprus and Malta received pre-accession financial assistance, which was largely concluded at the time of accession.

The EU is providing pre-accession financial assistance to Turkey over the period 2004-06. This support focuses on institution building, investment, and supporting the participation of Turkey in Community programmes and agencies. The European Commission Delegation provides regular updates on funding programmes in Turkey

www.deltur.cec.eu.

The CARDS programme is the main channel of EU support to Croatia in the areas of economic and social development, justice and home affairs, the building of administrative capacity, environmental protection and regional co-operation.

A number of Phare projects in place in the New Member States and Candidate Countries are directly or indirectly related to local employment development. Some examples are listed in Table 5.
Table 5: Phare Projects related to local employment development in New Member States and Candidate Countries

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Countries Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltic Sea Region Cross-Border Co-operation Project Facility</td>
<td>Co-operation between regions, cities &amp; local authorities</td>
<td>Estonia, Latvia, Lithuania &amp; Poland</td>
</tr>
<tr>
<td>Business Support Programme</td>
<td>Support of business representative organisations in view of accession</td>
<td>Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia &amp; Slovenia</td>
</tr>
<tr>
<td>ECOS Ouverture - Multilateral Cross-Border Co-operation Programme</td>
<td>Co-operation between regional &amp; local authorities</td>
<td>All Phare countries</td>
</tr>
<tr>
<td>Project Preparation Facility</td>
<td>Start-up and implementation of investment projects</td>
<td>Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia &amp; Slovenia</td>
</tr>
<tr>
<td>SIGMA</td>
<td>Improvement of public governance at the central government level.</td>
<td>Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia &amp; Slovenia</td>
</tr>
<tr>
<td>Small and Medium Enterprise Finance Facility</td>
<td>Small and Medium Enterprises</td>
<td>Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia &amp; Slovenia</td>
</tr>
<tr>
<td>Small Projects Programme</td>
<td>For projects outside the direct scope of national or multi-beneficiary Phare programmes.</td>
<td>Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia &amp; Slovenia</td>
</tr>
<tr>
<td>TAIEX</td>
<td>Implementing &amp; enforcing legislation, contributing to institution building</td>
<td>Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia &amp; Slovenia</td>
</tr>
</tbody>
</table>

Source: European Commission, DG Enlargement

In terms of access to EU Structural Funds, this will be approved once all conditions ensuring sound management of the funds in the New Member States and Candidate Countries are in place. Further information about the state of progress by the Candidate Countries in meeting the requirements of EU membership regarding regional policy can be obtained from the European Commission’s Directorate General for Enlargement.
7.2 National funding sources

Although there are many EU funds available to the New Member States, these funds are not solely focused on regional and local employment development initiatives. Therefore, most local employment development initiatives are financially dependent on national funds, provided by the Ministry of Labour and Social Affairs or the public employment service. These national funds are mostly intended to provide unemployment benefit payments and vocational training for the unemployed.

So any local employment partnership will have to examine the extent to which national funds offer flexibility for local activity. Where there is limited flexibility regional and local actors may wish to consider lobbying for more flexibility to be introduced.

7.3 Useful contacts

<table>
<thead>
<tr>
<th>European</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europa Website</td>
<td><a href="http://europa.eu.int">http://europa.eu.int</a></td>
</tr>
<tr>
<td>Directorate General Agriculture</td>
<td><a href="http://europa.eu.int/comm/agriculture">http://europa.eu.int/comm/agriculture</a></td>
</tr>
<tr>
<td>Directorate General Employment and Social Affairs</td>
<td><a href="http://europa.eu.int/comm/employment_social">http://europa.eu.int/comm/employment_social</a></td>
</tr>
<tr>
<td>Directorate General Enlargement</td>
<td><a href="http://europa.eu.int/comm/enlargement">http://europa.eu.int/comm/enlargement</a></td>
</tr>
<tr>
<td>Directorate General Regional Policy</td>
<td><a href="http://europa.eu.int/comm/regional_policy">http://europa.eu.int/comm/regional_policy</a></td>
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<td>Phare programme</td>
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<td>SAPARD programme</td>
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<tr>
<td>Network of Innovating Regions in Europe (IRE)</td>
<td><a href="http://www.innovating-regions.org">www.innovating-regions.org</a></td>
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<tr>
<td>EQUAL (including National Support Structures in each country and details of existing partnerships in the Czech Republic and Hungary)</td>
<td><a href="http://europa.eu.int/comm/employment_social/equality/index_en.html">http://europa.eu.int/comm/employment_social/equality/index_en.html</a></td>
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<td>EU Relations with the Candidate Countries</td>
<td><a href="http://europa.eu.int/comm/enlargement/candidate.htm">http://europa.eu.int/comm/enlargement/candidate.htm</a></td>
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