

LOCAL GOVERNANCE AND PARTNERSHIPS

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Local governance and partnership is a theme that can be summarised in four ways:

- Local development matters;
- Local governance benefits from local development;
- ***Two underlying trends of local governance and partnerships have to be co-ordinated for effective local governance***
- The effective assessment of partnerships is a prerequisite for efficient local governance.

Local development matters

Today, the necessity of local conditions for development – what we design as local development – is a well-recognised fact. This does not undermine the existence of macroeconomic conditions but it does underline the need to act at the local level in order to increase both the efficacy and the efficiency of our market economies. This specific focus has many justifications:

A first reason is tied in with the particularities of certain territories. Here, islands or mountainous areas are generally cited as examples, because the severity of their problems precludes reliance on spontaneous labour market mechanisms, or on policies formulated for an area that do not take local particularities into account.

A second reason involves the multifaceted nature of employment problems. Today, many problems of employment involve more than a mismatch between supply and demand, even if that is how they appear. The demand for employment is increasingly emerging as predetermined by aspects involving training, housing or mobility, health care, minimum wage constraints, etc. These factors can in fact be identified and managed only in a precise manner and in proximity to the people involved, meaning that initiatives must be planned, carried out and co-ordinated at the local level. The supply of employment is in most cases only a potentiality, which materialises only if other problems are solved—obtaining land or a loan, acknowledgement of intellectual property rights, etc. Problems of adjustment and co-ordination between these various dimensions must therefore be resolved if the supply of employment is actually to materialise — problems, which to a large extent, can only be resolved locally.

A third reason stems today from another characteristic of the labour market. The duration of jobs is shorter and shorter, making adjustments more and more frequent, as evidenced by the predominance of fixed-term contracts, temporary employment, transitional adjustments in the case of training leave arising from job rotations, etc. This “volatility” of employment prompts labour market agents to seek the shortest channels of information and training, which bestows greater importance on the way in which labour markets are organised at the local level. This organisation involves not only information and transparency—challenges that can be met to a great extent thanks to the new information technologies—but the prospects of the choices to be made, both by job seekers and by potential employers.

A fourth reason stems from the desire to make employment policies active. On the national level, a distinction is traditionally made between so-called “passive” measures and “active” ones. Passive measures deal essentially with the labour market environment and with mechanisms to compensate for

lost income. Active measures seek to make a more direct impact on the behaviour of market agents and thus to restore a greater reactive capacity. There are two prerequisites for the institution of such measures: their provisions must be diversified in line with the actual circumstances of a market, an industry or a company; and the groups that the measures are to target must be identified. In either case, a local approach will depend on the environment to which active measures are to be applied, even if some principles will depend on central criteria, if only to justify budgetary choices and assess effectiveness.

The last reason incorporates the others and goes farther. It stems from the need for a strategic approach to employment. Understanding of the labour market, and to an even greater extent the governance of employment, must be based on a more strategic vision of economic development—one that anticipates transformations and can link economic development with social development. The sanctions for the lack of such a linkage are well known: on the one hand, two-track growth; on the other, job-market entry with no future. Yet this vision, while it must clearly reflect a global outlook, must necessarily begin with an outlining of the opportunities and possibilities of a given territory by the agents of that territory themselves.

Here, then, local development is a means of putting initiatives back into a context of association between economic development, employment and integration into society. This has three implications:

- The local focus must be construed here as a method rather than an end in itself, because very few economic and employment trends are shaped by territorial factors alone.
- “Local” in a development management context does not necessarily correspond to “local” in a context of territorial definition. Then, it is necessary to accept a wide variety of institutional designs. In this context, horizontal and vertical partnerships can play at least as important a role as the division of powers, since they can make it possible to tailor the necessarily highly formal division of powers to the reality of external effects or overlap.
- In a global economy, a local approach is justified because it allows for greater synergy between the economic and social foundations of employment, and for better jobs management. Breaking such a balance would soon cause local initiatives to become job creation programmes without a future or result in two-track economic development, leaving a substantial part of the population by the wayside.

Local governance benefits from local development

Many actors (private for profit, non-profit or public) and many instruments have to be connected in order to manage such a plurality of objectives and resources. This complexity surpasses the traditional efficiency both of the public intervention and market criteria. Public intervention is less effective when its instruments require coherent expectations and actions from civil society actors. The market is limited by its inability to solve some complex problems rooted in the social factors. Local governance at the same time demonstrates and defines the need to connect such varieties of actors and instruments. It uses three main components for this: participation of actors from civil society and business in the orientation of measures; the adaptation of policies to local circumstances; the co-ordination of policies, national and local. Participation, information and strategic approaches to local problems define the spectrum of local governance. A very good example of this need for such local governance appears when we consider the challenges faced by the public to provide adequate local employment services. Another example is policies for creating new enterprises to foster entrepreneurial culture, training programs and financial tools. It is often difficult to define such policies in a precise way since local governance associates themes such as evaluation and steering. But the stakes are clear: To build up a strategic approach for development; To increase the quality of co-ordination between actors both in a horizontal and a vertical perspective; To distillate and disseminate new projects; To mobilise new resources.

Two underlying trends of local governance and partnerships have to be co-ordinated for effective local governance;

Two prominent trends underly the local governance perspective. One is the decentralisation of public policies that define new sets of instruments at the local level in order to support more specific definition and implementation of the solutions. Very often these trends emerge from the obligation to reduce costs and define in a more precise process the needs and corresponding production functions. The second is the new kinds of connection and partnerships at the local level between civil servants from the national government and local actors, public or private. This tendency can create very positive results but it faces a specific problem: the local representatives of national government have to be accountable in a vertical perspective and active in a horizontal perspective, which is not that easy. The benefits of good vertical governance can therefore suffer from a lack of horizontal co-ordination.

Another trend is the devolution of new competencies and resources to local authorities who can take initiatives in many related fields of activities. This movement associates private actors, whatever their nature, and define some new area-based partnerships. They are very efficient in identifying needs, problems and solutions. But they also face some important difficulties such as fragmentation, lack of coherence, overlapping and so on. Again, the implementation of good horizontal governance can suffer from a lack of vertical co-ordination.

These two trends therefore need to be managed simultaneously and in a coherent way in order to capitalise their respective benefits instead of their specific costs.

The effective assessment of partnerships is a prerequisite for efficient local governance.

This shows that local governance is a continuous and not a static process. In order to control it, evaluation is a fundamental and permanent condition, not only to assess if reforms have been successful, but also to empower the various actors of the process. Evaluation is simultaneously a lever of control, mediation and empowerment.

Two perspectives can be explored here. The first one deals with the evaluation of local governance through the expected economic and social results. Then we shall assess local governance through its capacity:

- To increase the rates of activity, employment, enterprise creation;
- To put initiatives back into a context of association between economic development, employment and integration into society.
- To give local and regional governments the margin of freedom and flexibility they need to grasp, and to cope with, the various dimensions of their territory.
- To enable the government agencies responsible for such issues to be more effective at solving common problems, and to allow all partners in employment to operate at an appropriate level with respect to information, analysis, resource-gathering and accountability.
- To transcend sectorial approaches and tailor microeconomic policies more closely to the needs of local people.

This perspective is difficult to manage due to the variety of the underlying forces and factors. The need to have a more transversal approach is clear. Local governance should be assessed in terms of increase of participation, transparency of information, and accountability of the actors. At this level it is clear that in order to improve local governance, we have to take into consideration the process through which every actor improves its own governance in terms of participation, information and accountability.