FRAMEWORK FOR INFORMATION EXCHANGE IN LOCAL DEVELOPMENT (FIELD)

PART I

FRAMEWORK FOR INFORMATION EXCHANGE IN LOCAL DEVELOPMENT (FIELD)

COUNTRY REPORTS

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DENMARK

SUMMARY REPORT GREATER COPENHAGEN AND ZEALAND

by Berta Rato, Taurus Institute, University of Tier, Germany

Copenhagen and Zealand are two neighbouring areas in Denmark. However, their analysis regarding employment and economic development policies has to follow a different methodology. In what concerns employment, we assist in the two regions to a strong integration of their labour markets, this has been materialized by the creation of a single employment authority with a common employment policy. As for the economic development policy, despite the inarguable strong economic relations between both areas, they have separated administrative and planning institutions – the Growth Fora, with specific economic analysis, strategies, action plans and budgets. As a consequence, their policies and information system cannot be presented in an integrated way. The focus will be on the Copenhagen Greater Region because of its particular role as development engine. The strong functional integration of these two areas with the region of Skåne in South Sweden, in a cross-border region named the Øresund region, implies in some parts to consider also the later on the analysis.

The content of this report results from a meeting with the Employment Region Copenhagen & Zealand and the Zealand Business Development authorities, which took place on the 2nd and 3rd of October, 2008, a phone interview with the Growth Forum Greater Copenhagen and on several documents related to the employment and economic policies of Denmark and in particular of the regions Copenhagen and Zealand.

In section 1, it will be presented the system of enablers, the regional institutions responsible for the implementation of economic and employment policies. Section 2 will describe the economic and employment trends of Denmark, to better position both regions in the national context, and of the two regions in particular. Section 3 will describe the key-drivers of performance and the corresponding policy actions. Section 4 presents some final results and conclusions.

1. The enablers - governance framework

Denmark has just undergone in 2007 a major reform of its overall economic and social strategy, as well as of the structures of regional and local government - the Danish Reform Programme. Its main aim was to improve the long-term potential for growth and employment within the framework of good social conditions and sound environmental and sustainable fiscal development, strengthening the decentralisation of the public sector and making it more adjusted to the new challenges of globalisation. Basically, the Programme follows in a close way the EU Guidelines on the social, economical, innovation and environmental domains.

One of the main impacts of the Reform was on the structure of local and regional government - the Municipal Reform -, with the reduction of the number of local authorities from 275 to 98 and the number

1 The Danish Government, 2007.
of intermediate-level units from 14 Counties (Amter) to five large regions. The competencies of the local and regional authorities, in particular of the employment regions and of the municipalities, have been deeply changed and for some aspects, like employment, more strengthened.

1.1. The enablers - governance in the Region Zealand and Copenhagen labour market

There are three political and administrative levels of the set-up of the employment service in Denmark:

1. The national level - the Minister for Employment, responsible for the labour market policy, namely for the decision of priorities and targets. The Minister is assisted in his attributions by the National Employment Council.

2. The Employment Regions - there are four employment regions in Denmark. The Regional Employment Region of Copenhagen and Zealand is one of them. Their main activities are: 1) Monitoring the results and effects of the Job Centres, 2) Benchmarking Job Centre within the region against each other, 3) Analysing the development on the regional labour market (“bottleneck-situations), and making sure that knowledge about the regional labour market is available for the Job Centres, 4) Making an annual analysis report on the results in the region, 5) Making an annual contract with the Minister for Employment, 6) Secretariat for the Regional Employment Council. The Employment region consists of an administrative component and a council. The Regional Employment Council consists of 43 members, such as trade unions, employers’ organisations, municipalities and organisations for the disabled etc., their role is to monitor the employment system and to bring new ideas and knowledge.

3. The local level includes in the region of Zealand and Copenhagen 44 job centers, 5 of these are pilot job centers and 44 local employment councils, one for each job center. The job centers are responsible for having direct contact with jobseekers and enterprises. They are located at the municipalities. There are two categories of service, the Municipal service (included in the Municipal budget), supporting those who do not have an unemployment insurance, and the State service, for those who do. The pilot job centres are being used to test the possibility of transferring sole management of job centres to the municipalities. The local employment councils monitor the effects and outcomes of the specific employment measures being taken by job centers and provide advice on possible improvements. The Social Partners and the municipal councils are represented in the Local Employment Council.

The labour market system follows a top-down approach: the priorities and targets decided by the Minister of Employment are negotiated with the National Labour Market Authority, the Employment Regions and the Regional Employment Councils, namely the definition of regional objectives. These are then translated into a contract between the Ministry and the other actors, with specific objectives and targets for each region. Finally, at the local level, the municipality and the Employment Region prepare an annual overall employment plan for each job centre. This plan defines quantitative targets, priorities and the budget for employment activities. However, it is up to the job centre to decide which strategy to implement, for instance regarding contact with jobseekers, employability enhancement programmes or specific services to enterprises. In cases where a job centre performs badly sanctions may be taken by the Employment Region. The top-down approach has the consequence that the local and the regional level use

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2 Cf. Merete Grønlund, Employment Region Copenhagen & Zealand.
4 In Denmark there is a total of 77 job centres, 14 pilot job centres and 91 local employment councils.
the system of outcome indicators measure their performance in relation to the main targets and to present their annual results.

Another significant characteristic of the Danish labour market model is the co-operation between trade unions, employers’ organisations and the State - if the social partners are able to regulate the pay and working conditions themselves, the State does not interfere. The result is a flexible and well-mediated labour market model. This co-operation is also visible when the State has to prepare legislation relative to the labour market. The social partners are consulted to appraise the new legislation or in some cases they can participate directly in the decision making process through their representation in the central or local councils.

1.2. The enablers - governance in the economic regional system

The most important actors for regional development are the recently established Growth Fora (Vaekstforum) – the case study region has two Growth Fora – the Growth Forum of the Copenhagen Capital Region and the Growth Forum of Zealand. Their primary tasks are to: 1) Develop a regional business development strategy, 2) Monitor regional and local conditions for growth, 3) Put forward propositions to the regional council for the use of regional development funds and to the State for the use of European funds. They have 20 members from the regions, the municipalities, the business sector, knowledge and educational institutions as well as representatives of both employees and employers.

The regional business development strategy must correspond to the national Globalisation Strategy (Cf. Section 3), but it must also reflect the particularities of the region.

At the national level, the Danish Growth Council coordinates the funds and activities to be supported by the National Globalisation Strategy funding scheme, EU financed programmes and the regional business development initiatives. It also supports the Government to define the overall priorities of the Strategic Reference Framework for the EU funds.

The Government has established partnership agreements on growth and business development with each of the regional growth fora. The regional partnership agreements will help to implement the Globalisation Strategy in all regions of the country, in coordination with the regional growth and business development efforts. Partnership agreements have been concluded for the following areas: Education and Labour Supply, Better Growth Conditions for New and Small Enterprises, Innovation, Knowledge Dissemination, Marketing of Denmark – Attraction of Investment and Tourism, Energy, Rural Areas and Areas facing structural difficulties and Cross-Border Cooperation. The partnership agreements will apply for the period 2007-2009. The government and the regional growth fora will monitor the implementation of the agreements on an ongoing basis and discuss the need for adjustments every year.

2. Trends in the Danish and the Region of Zealand and Copenhagen economy and labour market

In the last decade the Danish economy has been developing in a very positive way, with a constant growth of the GDP, which in 2006 reached the 3.5 per cent. This growth has been sustained by a sound economy and a growing trade surplus. The number of companies and the annual turnover have been progressing steadily, in particular in the knowledge intensive service industries.

The regions of Zealand and Copenhagen follow the overall country economic trends and are in fact the engine of Denmark’s economic growth. Only the Capital Region is responsible for 40% of the Danish

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5 Sorensen, quoted by Hendeliowit, Jan, 2008, p. 21.
GDP and 38% of the state taxes. Further, more than 80 per cent of the knowledge intensive service industries are located in the region of Zealand and Copenhagen.

The importance of the different economic sectors has changed considerably since the sixties, the agriculture and fishing sector has registered a strong decease in the number of companies and employees, the manufacturing sector has been reduced by half, whilst private services in general and public services in particular have registered an outstanding growth. The expansion of the public services, from 11 per cent in 1960, to 29 per cent in 2006, can be explained in part by the growing participation of women in the labour market and therefore the need to provide other services, such as child care.

The base of the regional economy are five different clusters. They have the particularity of being for the whole region of Øresund, that is embracing as well the Swedish region of Skåne: 1) Food Science cluster, includes more than 400 official members organised according to the following profiles - traditional food; health profile; functional food profile; lifestyle profile; and traditional pharmaceutical profile 2) Medicine and Biotech cluster, employing around 40,000 people of which 4,000 are researchers, 3) Logistics cluster, the cluster includes more than 1,200 registered members, from infrastructure owners, logistics providers, manufacturing companies, local, regional and central government, consultants, and universities, 4) IT& Telecommunications cluster, with over 104,000 employees and more than 10,000 companies, 5) Environmental Science cluster, involving approximately 23,300 persons and an annual turnover of 23 billion DKK.

One of the main pillars of the Danish economic growth is the policy of investment in research, development and innovation, with Denmark being one of the EU countries with a higher percentage of investment in R&D (around 2.6 per cent of the GDP in 2003 vs. 1.85 per cent in the EU), with the private sector being responsible for 1.83 per cent. The investment policy is complemented by the support given to education – Denmark has one of the highest expenditures on education and training in the EU (8.5 per cent of the GDP vs. 5.2 per cent in the EU, 2002) and the percentage of students completing higher education is also one of the highest in Europe (42 per cent, in 2004).

Entrepreneurship contributed as well to the increase in the number of companies. Around 16,000 new firms start activity every year, of which more than 6000 are located in the Capital region. In addition, around 5 per cent of adult Danes can be considered as entrepreneurs. However, in comparison with other Nordic countries the growth of these companies, in terms of turnover, is not so positive.

The continuous economic growth of the Danish economy together with a very efficient employment policy has had a significant impact on the labour market, with an employment rate of 76.8 per cent in 2007, a female employment rate of 73.2 per cent and an unemployment rate of 1.7 per cent in April 2008. In relation to most countries in Europe, youth unemployment is rather low – only 1.2 per cent. The region Zealand and Copenhagen follow more or less the same pattern, even with more positive results: in August 2008, they registered only around 1.3 per cent of unemployment.

The Danish labour market model (also called the "flexicurity" model) is consensually considered to be responsible for these good results. This model allows the combination of a high level of compensation to the unemployed (security), maintaining the Welfare State, with the facility of employers to contract and to lay off (flexibility).

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7 www.oresundsregionen.org.
8 The Danish Reform Strategy, October 2005, p.12.
Therefore, Denmark is very well positioned in regards to the achievement of the objectives of the Lisbon strategy: i) the investment in R&D has almost reached the target of three per cent, ii) the investment in human capital is significant; (iii) the policies to promote entrepreneurship seem to be fruitful; (iv) the employment indicators are by far above the EU targets by 2010 – the objectives of high employment, significant employment of women and older people, and low unemployment and inactivity have all been met.

However, the constant economic growth, the almost full employment in the labour market and the ageing of the population bring a new challenge to the social and economic policies - how to increase the labour force in order to be able to keep pace with the demands of the economic tissue?

3. Local strategies (drivers) and policy actions

The economic development strategy as well as the labour market strategy for Denmark and for the regions must be considered within two frameworks:

a) Denmark’s Strategic Reference Framework for 2007-2013. The overall objective of the Danish structural funds programmes is to increase growth and to realise the Lisbon objectives by preparing Danish enterprises for globalisation and improving regional growth conditions through targeted efforts in: 1) Human resources development, 2) Establishment and development of new enterprises, 3) Innovation, knowledge sharing and knowledge building, 4) Use of new technology.

b) The National Globalisation Strategy, a complementary funding scheme to support initiatives contributing to ensure that Denmark will maintain a healthy, economic position in a globalised economy. Four key-areas were contemplated: Education, Better and innovative research, More entrepreneurs, Strengthening general abilities in innovation and adaptability.\(^9\)

The globalisation strategy is implemented through regional partnership agreements between the Growth fora, the national level (formally the national government) and the Danish Enterprise and Construction Authority, as the authority responsible for the strategic coordination with other relevant ministries. In this way, all parties are committed to the objectives of business development and the labour market policy.

3.1. The labour market policy

3.1.1. Local strategies (drivers of performance) for an effective labour market

The most important performance driver of the Danish labour market policy is the Flexicurity Model already referred to. In practice, the overall policy priority is the maintenance of a very flexible labour market, with a minimum of bottleneck-situations, namely allowing employers to dismiss their employees when necessary. On the one hand the State assists the unemployed, by means of a generous financial support, complemented by activation measures to allow the unemployed to return to the labour market as quickly as possible, e.g. individual coaching, measures to improve his/her qualifications. On the other hand the unemployed are under the obligation to be available for work.

These general objectives are translated into the annual national performance targets set by the Minister of Employment.

\(^9\) Newinsight, 2008.
In 2008, the main target group is People who have been unemployed for more than a year (65 out of 69 weeks) and the targets are:

1. Decrease the number of unemployed people over 3 months.
2. Focus on people who have been unemployed for more than one year, in particular on the targets set under the national initiative "A New Chance for Everyone":
   a) 25 per cent will enter employment or training,
   b) Increase of self-supporting by 15 per cent (weeks of self-supporting/weeks),
   c) Increase of the participation on an activation scheme by 40% (weeks in activation/weeks receiving social benefits).
3. Decrease in the number of unemployed young people (under 30 years old).

The main target for 2009 is to reduce, in comparison with the preceding year, the number of absences over 26 weeks due to illness.

3.1.2. Policy actions on drivers

There are four key-initiatives particularly relevant for the achievement of the overall annual objectives. They are expected to be particularly successful. They reflect the overall objective of filling the gaps in the labour market, by bringing people as soon as possible back to work or by bringing new people into the labour market.

a) The project "Quick start" (January-December 2008)

The objective of this project is to bring unemployed people back into the labour market as quickly as possible. The most important principle of this project is the individual contacts with the unemployed. There is a first one, immediately after only two weeks of unemployment instead of the three months of the ordinary unemployment support, followed by further contacts every second week, instead of every third month. The unemployed may take part in complementary activities to facilitate finding a job, e.g., personal coaching or group orientation. It is considered that if the person could not find a job after three months, then there is some kind of problem which needs to be further analysed and addressed accordingly.

This project has already provided interesting results, the participants in this initiative seem to have higher success rates in finding a new job (more than 10 per cent) than those who where just under the normal unemployment service.

b) The integration agreement "A new chance for everybody" (July 2006-)

This project provides an improvement of the incentives to work as opposed to just receiving social assistance. The idea is to bring the long term unemployed (more than one year), uninsured people (of municipalities responsibility), as well as people who for various reasons have left or have never been in the public employment service (e.g., medical reasons, lack of education/illiteracy, etc.) into the labour market. In short, the aim is to reduce unemployment by upgrading the unemployed skills and strengthen their obligation to be available for work.
The target is to increase the number of full-time persons in employment or undertaking education by up to 10,000 by 2010. The focus, in comparison with previous initiatives, is on finding an adequate job for people with some sort of constraint or limitation, with the expectation that by working the person will also have other limitations solved.

In practice, people who can be considered able to work will suffer reductions on their cash benefits in order to create incentives for entering the employment system. At the same time, adequate activation measures are implemented to support people finding a new job. The most important measure is the individual contact with the potential new jobseekers, trying to understand their limitations, to apply tailor-made measures and to find them suitable jobs, eventually on a part-time basis. This implies, in some cases, a close collaboration with social/medical advisors. This new policy is expected to have a particular influence on immigrants and probably mainly on female immigrants.

After two years, the initiative seems to start bearing some fruits, there is an increase of 15.6 per cent in the number of people who have entered the labour market, an increase of 10.4 per cent of those who found by themselves some kind of occupation after being out of the welfare system (self-support actions) and of 18.7 per cent of those who started to take part in some activation measure.

c) The initiative "Illness - activation and quick reemployment" (January 2009-)

The number of people receiving sickness benefits is higher than the number of those receiving unemployment benefits. This constitutes a heavy burden for the State and for the municipalities, which after six months have to pay the social benefits. In parallel, these people are also not available for the labour market, in this time of labour shortage.

For that reason they will be the main target of a new initiative. Its objective is to promote the return to work, as quickly as possible, of people on sick leave, therefore to increase the labour force. The measures for the implementation will include the sick person being contacted on a weekly basis and if possible to have the person back to work before a maximum of 12 weeks of absence.

Similar initiatives have been developed by some municipalities. These had very good results; therefore a national project will now start to be carried out.

d) The tool "Competence audit" (June 2008 - June 2011)

The Competence audit is a method for measuring the balance of competencies, skills and qualifications of the individuals on the cross-border labour market of the Øresund region (Zealand, Greater Copenhagen and Southern Sweden) as a basis to support policy.

The opportunities of recruitment for Danish and Swedish Enterprises will increase and there will be more possibilities of employment for persons. The Competence Audit will allow the local actors to:

- Develop a “common platform” of understanding and new methods in the Øresund region, which aims at increasing the recognition of the actual needs for the development of labour force.

11 EC, 2006, p.129.
12 Source: Employment Region of Greater Copenhagen & Zealand.
competences, and thereby develop a common starting point for a better use of the resources available in the region.

- Clarify where the bottle necks are (in which sectors and branches they can be found) and where it would be beneficial to launch educational initiatives in order to contribute to relieve bottle necks, and develop the labour market.

- Pinpoint concrete ideas for the development of employment and supplementary training and education.

- Establish an interregional dialogue in relation to the needs for the development of labour force competences on the Øresund labour market.

- Contribute to make the labour market and the educational system more visible to the public and the efforts of enhancing the integration on the labour market.

This tool will be supported by the INTERREG IV A programme. The Partnership includes the Employment region of Greater Copenhagen & Zealand (lead partner), the Capital Region of Denmark, the Region Zealand, the Region Scania (Sweden), the Public Employment Services of Sweden, the City of Copenhagen, the Confederation of Professionals in Denmark.

e) General results of other policy actions

Other types of policies, such as the increase of qualifications, by placing the unemployed into training programmes are considered less effective, because the person is for a period not available for the labour market. Empirical results have proven that employability levels of jobseekers who have taken part in training programmes are half, for instance, of those who benefited from the policy of paying the first wages.

Another policy which was abandoned is the subsidies to start-ups of new companies. The main reason is that it represents unfair competition for companies already in operation, which may even result in some closures.

3.2. The economic development policy - The Capital Region Copenhagen

3.2.1. Local strategies (drivers of performance) for an economically performing region

The Capital Region Copenhagen considers the following principles as drivers of the action plan\(^\text{13}\): 

- Think internationally: The region should focus on improving international competitiveness, developing internationally oriented businesses and attracting foreign investments, labour and tourists.

- Develop existing and emerging positions of strength: the objective is to strengthen the synergies between education, research and the business community, by this way to create the conditions for growth for entrepreneurs and businesses. The focus will be on cluster formations.

- Strengthen collaboration – across Øresund and between the regions: to strengthen the collaboration between municipalities and regions for a stronger position in the global market.

\(^{13}\) Capital Region of Denmark, n/d.
See knowledge as the most important source of growth: to compete on knowledge – especially values and human resources.

Promote distinctive initiatives: to focus and combine the efforts – and concentrate on a common direction and shared goals in the region to ensure the greatest possible impact.

Follow the same path: to develop a common understanding of business related initiatives in the region – and establish coherence, e.g. through the regional development plan.

These principles were the guiding light for the preparation of the Capital Region of Denmark Business Development Plan and its seven action areas (Capital Region of Denmark, 2007):

1. Strong and promising competency clusters, to focus the support on the key regional clusters, considered as crucial for economic and employment growth in the region;

2. New businesses – new knowledge, support the creation of new companies, as a means also to raise innovation;

3. Development of the metropolitan region, to consider the capital and to strengthen its role as the focal point for the country;

4. Research and innovation, develop the innovation system, by investing in research, transfer of knowledge, public-private partnerships and increased focus on user-driven innovation;

5. Increase and develop the labour force at all levels, focusing on the growth of highly educated workers in the private sector, reintegration of unemployed in the labour market, expansion of the labour market to Germany, Sweden and Poland, better collaboration between educational institutions and businesses, increase the number of students in post-compulsory and higher education programmes oriented to science;

6. Marketing, events, culture and values, strengthen the Region's profile and attractiveness, attract major international sports and cultural events to the Region, prepare a long-term event strategy;

7. Øresund and the international vision, develop new projects and partnerships in the cross-border regions but also with other metropolitan areas.

The key-policy priorities are the 1) increase and develop of the labour force, namely to attract foreign highly qualified employees, in particular engineers, 2) creation of new businesses, but specially enterprises that registers bigger growth rates, 3) attraction of inward investment in connection with the aim of internationalisation (with a focus on the key clusters of the region), for this the institution Copenhagen Capacity has been created, 4) development of the infrastructure, improving the transport connections to Europe and to the World (focus on the International Airport) and solving the congestion problems in Copenhagen metropolitan area.

There is a diversified set of indicators for measuring the performance of the Region. In general, these reflect the national set of indicators, identified in the National Reform Programme. The most relevant are:

- Improving skills and human capital\(^\text{14}\)

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- Percentage of population (age 25-64) in Copenhagen Region holding a higher education degree.
- Percentage of all young people to complete a youth education programme (target 85% in 2010 and at least 95 per cent in 2015).
- Percentage of young people who complete a tertiary educational programme (target: minimum of 50 per cent of all young people, in 2015).

Entrepreneurship and SME development\(^\text{15}\):
- Number of new enterprises as a percentage of the total number of enterprises.
- Proportion of entrepreneurs achieving growth of turnover and employment at least 60 per cent in a three year period.

Attracting inward investment\(^\text{16}\):
- Number of successful investment projects in the region: target 34 investments in 2008
- Number of new jobs from inward investment.

### 3.2.2. Policy actions

The Business Development Plan of the Capital Region Copenhagen will be supported by regional grants and EU structural funds, corresponding to an overall investment of 900,05 million DKK\(^\text{17}\).

For the period 2007-2008 the Business Development Strategy of the Capital Region comprises around 33 initiatives, organised according to the indicated seven action areas. An important part of the budget (37.7 per cent) will be allocated to the action area "Marketing, events, culture and values", mainly to support the operational costs of the institutions dealing with the promotion and development of the Region - the Wonderful Copenhagen, oriented to the innovation in the tourism industry, and the Capacity Copenhagen, responsible for the business promotion.

The second intervention area in terms of budget (31.8 per cent) is the "1. Strong and promising competency clusters", which will support the development and consolidation of the key-cluster with projects such as the World-class IT growth environments (111.89 million DKK), The strategic nanotech cluster initiative (29.30 million DKK) or the Fashion acceleration (14 million DKK).

The Regional Growth Forum has only been created in 2007, and the concrete economic initiatives which are or will be supported cannot provide at this stage any results.

The only initiatives which can be, to a certain extent, already evaluated are those implemented by Copenhagen Capacity and Wonderful Copenhagen. They are subject to qualitative and quantitative targets during their operating subsidy period (2007-2010) and these targets are monitored every year, through the annual reports, and evaluated two times, in the middle of the period and at the end.

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\(^{16}\) Copenhagen Capacity, 2007.

\(^{17}\) Growth Forum for the Capital Region of Denmark, May 2008.
3.3. Other drivers of performance at the national level

The National Reform Programme of Denmark (2008) points out the main pillars for the promotion of performance in Denmark. The regions, by the intervention of the Growth Fora, and the municipalities are then responsible for the implementation of actions which will contribute to the overall objectives.

Education/knowledge and the innovation society are considered to be a very important key driver of performance (2008, pp.7-15). As a consequence, a numerous set of measures have already started or will start in the coming years. All levels of education will be supported by several initiatives in order to bring Danish pupils and students to the top.

In what regards innovation, the Government plans to strengthen public financed expenditure for R&D up to one per cent of the GDP, by 2010, and also to support R&D and dissemination of knowledge in the private sector. Many initiatives will be or are already taking place, such as the promotion of the employee-driven innovation in companies, the creation of the so-called “innovation environments” - link between R&D environments and the private capital market or the location of Danish innovation centres in very innovative areas or cities, such as the Silicon Valley or Shanghai, to help Danish companies to find partners or investors. Further, the free movement of knowledge, that is the removal of barriers to the attraction of highly specialised knowledge and labour, is also an important policy objective.

Another important driver of performance in Denmark is the promotion of the full business potential. The main indicator to measure this aspect is the Competition Index\(^{18}\). The objective is to increase the performance of Denmark's enterprises, by intervening at different levels, e.g., reduction of energy prices. Other initiatives focus, for instance, on the reduction of administrative burdens of Danish companies and of foreign enterprises who want to access the Danish market.

The encouragement of entrepreneurship is also the target of quite a few initiatives, oriented to the promotion of entrepreneurial culture and skills, expansion of advisory services, revision of the bankruptcy legislation and facilitating the access to finance\(^{19}\).

Finally, infrastructures are also an important constraint to development. The National Report mentions a “significant investment backlog” in infrastructure, which should be overcome in the next years. Several investments are already foreseen, part of them will benefit directly the regions of Zealand and Copenhagen: the completion of the ring links in the Greater Copenhagen and the construction of a fixed link between Denmark and Germany across the Fehmarn Belt.

3.4. Information to support policy

3.4.1. Information to support employment policy

In the last few years new tools for planning, managing and monitoring have been introduced into the employment system. Their main purposes are, firstly, to support job centres in planning and monitoring the results of their measures in relation to the local targets and, secondly, to guarantee the reckoning of the results. The tools focus mainly on outcomes and not so much on the policies and activities. There are four tools:

\(^{18}\) The index is based on the following eight objective indicators: The existence of competition-restricting public regulation, concentration, import-adjusted concentration, addition rate, market share mobility, diversification of productivity, payroll premium and return on assets. (op. cit, p.18)

\(^{19}\) Op. cit, p.23 and Annex IV.
a) The IT-tools, in particular the IT-based benchmarking tool Jobindsats.dk

The work of the employment authorities is largely supported by different IT tools. There are three main tools, the portal "Job and CV-bank", the "Labour Market Portal" and the IT-tool "Jobindsats.dk".

The portal "Job and CV-bank" (www.jobnet.dk) includes information on vacant jobs and a CV Database (all unemployed people have to fill in a CV describing their education and skills within the first month of unemployment). This portal supports the match between vacant jobs and jobseekers.

The "Labour Market Portal" (https://amportal.bm.dk) is the labour market administration’s tool for the contact with – and information about – the unemployed people. Whenever the administration has had a contact with an unemployed person, the administration will register the contact in the portal. When the unemployed person starts some activation measures it is registered in the portal.

The IT-tool "Jobindsats.dk" (www.jobindsats.dk) is the most innovative and strategic tool. It consists of a database containing different types of quantitative data related to the employment system. One interesting aspect is the inclusion of information on the part of the population not inscribed as jobseeker but in working age. The portal comprises data and information, for instance, on labour market statistics, unemployment benefits, recipients of social benefits, disability pensions, sickness benefits as well as information about the municipal employment measures and specific initiatives aimed at ethnic minorities.

In a broad sense the portal provides all actors, from the politicians to the jobseekers and employees, with a transparent and wide information base facilitating decision and the planning of new employment measures. In particular, its most remarkable feature is the possibility to use the existing information for the purpose of benchmarking. It allows to compare and therefore to benchmark the outcomes of the specific measures implemented by different municipalities/regions and different jobcentres, as well as the evolution of a certain indicator across time (since 2004). The best-practices from job centres – called the “inspiring cases” are discussed regionally and when relevant disseminated to other groups of centres. The data in the Jobindsats.dk is collected from the two other IT-tools above (“Jobnet” and “Amportal”) and the national statistics in Denmark (Statistics Denmark).

b) The performance audit

The performance audit covers three main issues: 1) the analysis of the effects and outcomes of each of the job centre’s specific measures and activities on employment in comparison with other job centres, 2) the identification and assessment of the savings that could be gained from more efficient employment initiatives, 3) the assessment and recommendations for those centres where more efficient efforts are needed.

This analysis is done once a year. The main base for the data collection is a common template and the data contained in the Jobindsats.dk. This allows comparability between job centres and the inclusion of all relevant information.

c) The employment plan

The Employment plan is a document prepared annually by the municipality and the State for each job centre, covering its activities for the coming year. The main purpose is "to maintain focus on the overall

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targets and to ensure coherence between the national employment policies and targets and the day-to-day operations and activities being undertaken in the job centres.  

As a minimum, the employment plan must include: 1) The targets set by the Minister of Employment, 2) Description of the most important future employment policy challenges based on the national targets, the performance audit, and the analysis undertaken by the Employment region and the employment council, 3) Local strategy and targets for the employment efforts, 4) Strategy and targets for the service provided by the job centre to the enterprises, 5) Strategy and targets for the involvement of external actors in the employment efforts, 6) Budget for the employment efforts apportioned between the municipality and the state.

d) The reporting, analysis and outcomes dialogue meetings

The employment regions follow up the results of the initiatives of the job centres closely, by means of regular reporting: the reports on key figures in the jobcentres (Nogletalsrapport) and the benchmarking report, both on a quarterly basis, and the results overview for each jobcentre (Resultatoversigt) and the unemployment figures, both on a monthly basis.

The information supporting these reports comes mainly from the Jobindsats.dk. Some of these reports are totally automated.

For the benchmarking report, the job centres are organised in four different groups, according to the particular socioeconomic characteristics, thus allowing a better comparability of results.

In addition, the Employment Region carries out other special researches on the key-aspects for intervention of the initiative "A New Chance for Everyone", such as absence due to illness, youth unemployment or the situation of ethnic minorities in the labour market.

The reports are the base for the so called "dialogue meetings" between the jobcentres and the employment regions, in which the region provides support to the jobcentres but, as well, challenges them to increase their employment efforts to produce even better results. The meetings take place at least two times per year and for the larger jobcentres quarterly.

e) Final remarks

The labour market information system is considered to cover in general the needs of the employment authorities. It includes several tools linked together and numerous indicators. It allows the production of quick automatic reports and exercises of benchmarking, very useful to identify best practices on labour market local policies. The Employment authorities keep on working on improving the tools, introducing more automatisms and more information at the individual level, helping to support the matching exercises. Nevertheless, the labour market information tools evidence some limitations, first, regarding information on the costs of implementing the policies, therefore it is not possible to do cost-benefits analysis and, second, regarding economic indicators, such as data on wages or the relation between qualifications and wages.

3.4.2. Information to support economic policy

The Statistical Office of Denmark is the main provider of information to support policy. The statistical databases include the usual indicators to inform the analysis of social and economic trends. The

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21 Idem.
English version of the website seems to include as well all the indicators. For some domains, relevant to support information on development priorities, such as, R&D, ICT or outsourcing, the number and detail of the indicators available seem to top what normally is available.

The site offers many regionalized indicators, which allow comparing the performance of the Danish regions. However, the reform of the administrative system seems not to have been completely integrated in the statistical database, there are still some indicators regionalised by the former administrative units - the councils.

A negative aspect of the data from the Statistical Office is the organisation of information only according to the traditional partition of economic sectors, there is no information about the key-economic clusters. The regional actors have tackled this limitation by the use of the information resulting from the project - Baltic Sea Region Innovation Network, aiming at transnational cooperation on innovation and clusters. This project comprised the following steps and outputs 22: 1) Mapping of clusters and cluster performance (employment, specialization, real wage etc.), providing a Cluster Database on performance, 2) Mapping of cluster-specific framework conditions, providing a Cluster Database on cluster policy, 3) Evaluating cluster policy, to test the impact of cluster policy on cluster performance, which provided as output the Cluster Benchmarking Model.

The regions and the State resort very often to studies on specific themes. One key methodology of these, which is also important in the case of employment policy, is the use of case studies and benchmarking as a means to better understand the strengthens and weaknesses of the regions. One interesting example is the study 23 - "The global challenges of metro regions, the Capital Region of Denmark in the global competition on innovation", in which the Capital Region is compared with seven international metropolitan regions in three areas: education, knowledge building and sharing, and entrepreneurship.

3.4.3. The planning and forecasting model “ADAM-LINE”

The Danish forecasting model - ADAM-LINE is a tool to provide economic and employment forecasts. It is based on micro-register data and modelling techniques. It combines two models into one - a macro-economic model of the Ministry of Finance - the Annual Danish Aggregated Model (ADAM) and the SAM-K-LINE Model (Social Accounting Matrices (SAM) for Danish municipalities (K – “kommuner”).

The application of the - ADAM-LINE - was a result of the joint efforts of business and construction authorities, employment authorities and the Growth Forums of all five administrative regions of Denmark.

The ADAM Model gives a simplified mathematical description of the interactions in the Danish economy, and has a Forecast/Macro orientation. The LINE Model is based on the Social Accounting Matrices and brings 150 social and economic variables per person into the common model and adds up the individual detailed register datasets from Statistics Denmark Census. It has a bottom-up approach, from a micro level to a meso level.

The combination of both models allows identifying the impacts of variations in the economic indicators into the different labour market variables. For instance, it is possible to measure the impact of different economic scenarios (e.g., low vs. high interest rate) on the evolution of different occupational

22 BSR InnoNet, n/d.
23 Capital Region of Denmark, n/d.
categories or on the evolution of different economic branches. These forecasts can then be used to adjust the labour market policies accordingly.

The Model does not allow including information from the demand side, e.g., on the professional profiles effectively needed by the companies in the coming years. Nevertheless, the robustness of the Model is guaranteed by sending a questionnaire to the companies to collect additional qualitative information and prognosis regarding employment conditions and the competences of the labour force. Additionally, scrutinizers may be asked to test the prognosis of the model (e.g., regarding the impacts on the job offers within the construction sector).

The institutional and social framework - the enablers - have an important role in the success of this forecast model. Firstly, the policy-makers, motivated by the interest in the research results, participated in the practical application of the model (participation in meetings to discuss results, also reporting to higher authorities in order to find possible solutions to the forwarded problem that is based on the model results) and therefore, they were willing to provide financial and political support. Secondly, an effective and fruitful cross-institutional collaboration exists between researchers and the public and private sectors, in an initial phase in the provision and processing of information and later in the merging of the two models.

4. Summary and Conclusions

The regional and local institutions in Denmark have just went through a significant restructuring, with the creation of new regional institutions and changes in the attribution of competencies as regards development. Therefore the analysis of the results of some of the regional and local policies for local development is to a certain extent conditioned. One important aspect to consider, when using the Danish case for peer learning, are the particularities of Denmark in comparison to countries outside Scandinavia. The institutional and cultural contexts are very unique - policies and strategies are in general based on consensus, transparency, trust, a good cooperation between the different stakeholders but also on a strong competitiveness attitude, particularly noticeable in the national and regional strategic reports.

The transparency and trust approach have a positive impact on the information system, visible on the availability of very detailed data (down to the level of the individual) for policy and research purposes, allowing, the policy-makers to have very good data to support the decisions, namely the construction of robust forecasting models.

The competitiveness attitude also has repercussions on the building of the information system to measure performance, both on the labour market and on the economic systems. Many studies and tools are focused on benchmarking and case studies. For instance, the Employment regions test the best local labour market policies, by comparing the results of the different policy actions in all job centres. The Growth Forum of Greater Copenhagen has carried out specific studies on the position of the region in the national and international economic context.

The main source of information for the regional policies is the National Statistical Office. Nevertheless, for more qualitative information and for benchmarking, the regional stakeholders contract, normally, independent experts to carry out other studies. In addition, we assist as well to a culture of monitoring and evaluation of policy results. The policy actions are usually supported by quantitative targets, which facilitate mid-term and ex-post evaluations.

The results of the evaluations and other studies seem to be embodied in the new policies and action plans, reflecting the principle of cooperation between the regional stakeholders. A good example comes from the employment policies. The new regional (and national) policies are the outcome of the proven success of pilot projects at the local level.
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THE CASE OF GREATER LILLE

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The following report provides an overview of the drivers and indicators that underpin local employment and economic development in Lille. More specifically, it answers several questions regarding the nature of these factors, the ways in which they are identified by local actors and their contribution to the policy process in the metropolitan area. The report follows the following structure: it starts with an overview of Lille’s spatial features to then examine its governance system (Section 2). Section 3 reviews a series of key initiatives identified as central to Lille’s economic regeneration and development and pays special attention to the drivers that are mobilized in these initiatives. Section 4 concentrates on the enablers behind these development processes while section 5 explores the system of indicators used to measure the drivers. Section 6 ends with an assessment of what may be learned from this case study.

The report is based on information gathered from the field visit of the LEED Programme team of experts in Lille on 25th and 26th September. The field visit was organized by the Lille Metropolitan Urban Development and Planning Agency (Agence de développement et d’urbanisme de Lille métropole also known as “Agence Lille Métropole”) created in 1990 to help define Lille metropolitan’s (re)development strategy. The seminar was also attended by representatives of the Greater Lille Chamber of Commerce and other local economic regeneration actors. In addition, the report draws on documentation supplied by the Agence Lille Métropole, and on the project fiches completed by the agency’s officials. The discussion of programmes and indicators for labour market and economic development policies is with reference to projects implemented in the past twenty years.

1. The territorial position and economic challenges facing the Lille metropolitan area

The city of Lille is located in the Nord-Pas de Calais region of France. But Lille is more than just a city. It can be defined as a ‘city-region’ strategically located at the heart of a triangle with Brussels at a 100 km eastwards (40 minutes), Paris at 250 km southwards (60 minutes by TGV) and London, also a 250 km distance to the west and 80 minutes by Eurostar. The Greater Lille conurbation (also referred to as ‘Lille Metropole’) is rather unique in that it occupies a cross-border position bringing together the French Nord-Pas de Calais region with the Belgian regions of Wallonia (French speaking) and Flanders (Dutch speaking). On the French side, the region’s population amounts to 1.2 million inhabitants (the city of Lille itself has 225,000 inhabitants) compared to 0.7 million inhabitants in Belgium. In other words, Greater Lille is far from being self-confined, as it is located on the Southern fringe of a West European urban continuum that covers the major part of Nord-Pas de Calais and Benelux up to the German Rhine Ruhr basin with cities such as Cologne, Duisburg and Düsseldorf. Lille is at the centre of the polycentric development of this wider Euroregion representing four million people and ranking in 18th position in a list of 29 regions of this kind in Europe according to calculations made by the ESPON network. This European urban continuum stands in stark contrasts with the gap between Lille and Paris where population density and economic activity is very low.
Lille has not experienced a kind of development from the core but one that is of multi-polar nature with three adjacent urban centres: Tourcoing to the north, Roubaix to the east and Villeneuve d’Ascq to the south-east (a new - mainly university-based – town) which was created in 1970. Historically, Tourcoing and Roubaix emerged as market towns during the period of the industrial revolution. They became major production centres for wool processing and textile manufacturing while the nearby towns were home mining industries, especially coal (in Bethune, Lens and Douai) and to a lesser extent steel (in Valenciennes). All these towns have obviously been immensely affected by the forces of economic restructuring. In recent years, textile-related activities have been refocused on the high-tech end and new poles of competitiveness in health and biotechnologies or in the agro-food sector have emerged but the rate of enterprise creation in these sectors could be improved. Moreover, Lille is a major centre for mail order distribution, a sector which employs approx. 15,000 people. It is noteworthy that 55% of national sales in this sector are generated by 200 companies located in Lille Metropole. More generally speaking, Lille is the home to some major retailers such as Auchan and Décathlon.

Despite this move towards the service-based activities, Greater Lille remains highly industrialised compared to other French regions but its industrial fabric lacks dynamism. The challenge is to foster enterprise creation, competitiveness, innovation and investment in human capital. For example, levels of illiteracy are 6 point above the national average and there is an important ‘brain drain’ of qualified workers, despite the fact that ranks second city for business studies in France. Greater Lille’s workforce amounts to 500,000 people with about 20% working in the manufacturing sector. Within the service sector, the share of high-value added creative and knowledge intensive (executive) jobs remains low.

Lille’s unemployment rate is 3 percent above the national average, i.e. in 2008, 11.5% compared to 8.5% nationally. However, there are significant pockets of socio-economic deprivation where unemployment rates range from 25 to 30%. A comparison could be made with some British cities in the 1980s with the population not mixing with the more affluent nearby areas. These pockets are smaller than some large housing estates as they have 10 000 inhabitants on average (compared to approx. 40,000 in the so-called “quartiers en crise” in other large French conurbations).

Given its industrial legacy and locational features, the dual challenge for Lille in the past twenty-five years has been to base its economic (re)development on strategies that (1) help redefine its status from a declining industrial city suffering from a poor image and negative net migration rates, (especially from highly skilled young people) to a multi-polar and cross-border metropolitan area offering high quality and multi-faceted economic, social and cultural activities (2) improve its attractiveness as a leading European platform capable of attracting economic traffic and flows from and between the adjacent northwestern European ‘megapoles’.

2. The governance system

It is in 1997 that the expression ‘Lille Métropole’ came to be widely used, replacing the older expression of ‘conurbation’. Since 2004, the concept of ‘Lille-Eurometropole’ has increasingly been used. This new terminology is a true reflection of Lille’s complex and evolving governance structure which parallels the equally complex geographical features described above. In fact, the concept of ‘millefeuille’ (i.e. layered cake) is often used to describe the governance system.

As mentioned above, since the metropolitan area is located on a franco-belgian territory, it involves three regions. In addition, it involves two French départements (Nord and Pas de Calais) as well as two Belgian provinces (Flandre Occidentale and Hainaut). Next to these authorities, the Belgian Wallon-Brussels Community (communauté Wallonie-Brussels) is also included. The distribution of competences is very different in the three regions which means that a large number of partners must be called upon to
implement trans-border projects (even simple ones). Moreover, the differences in legislation and tax systems create economic competition instead of fostering cooperation.

Starting with the lower scale, Lille itself is classed both as an ‘arrondissement’ which is a subdivision of the département, hence an administrative area but which does not exist in political and strategic terms. It does however have competencies in the field of spatial planning.

The Lille Metropole Communauté Urbaine (LMCU) is a public body for inter-municipal cooperation made up of 85 municipalities (known as “communes” in French), Lille being one of those. Altogether, the Urban Community represents as already mentioned, a population of 1.2 million inhabitants. It is the second of its kind, behind Lyon and before Marseille. It was established by a Parliamentary Act on 31 December 1966. In 2005, its budget amounted to more than €1.4 billion. The Urban Community was designed to service the municipalities’ infrastructure in the fields of public transport, highways and public areas, housing, urban waste and water and sanitation. The Council of LMCU has 170 members representing all the municipalities. It was chaired by former Prime Minister Pierre Mauroy between 1989 and 2008. Martine Aubry who was re-elected Mayor of Lille in March 2008 took over as the chair of LMCU in May 2008. Councillors of LMCU are not elected by citizens but by councils which creates a ‘democratic deficit’.

In addition, the Eurometropole Lille-Kortrijk-Tournai was created in 2007 with its board established on 28 January 2008 with a budget of €989, 900. This entity was formed with the legal status of “syndicat mixte” (a public partnership between territorial administrations), the novelty here being that it is the first European territorial partnership of this nature (Groupement européen de coopération territoriale) meaning that the rule of the country in which it implemented are being applied. It brings together 14 French and Belgian partners from all the different governance tiers including the Belgian federal government, as well as regional and local actors. Altogether, 145 municipalities are included in the partnership. The Eurometropole’s main task is to “promote and support an efficient and coherent trans-border cooperation within the territory” which implies amongst others dismantling territorial and linguistic barriers. For example, when it comes to transport policy, the Lille Urban Community is in charge on the French side, while in Belgium, transport falls within the policy remit of the region. This explains why it is impossible to merely rely on bilateral relations.

Finally, there is an Aire Métropolitaine (Metropolitan area) which is one of fifteen in France, created just over three years ago and bringing together 23 partners. It represents 300 municipalities on the French side and 30 on the Belgian side. In other words, it represents 2 countries, three regions, two French départements and two Belgian provinces. It is chaired by the Mayor of Lille, Martine Aubry.

3. Lille’s key regeneration initiatives: activating local development drivers

Six initiatives were selected as being representative of Lille’s economic (re)development (for more details, see the ‘fiches’ relating to this case study). These were selected to reflect the widest possible range of intervention around the notion of ‘ville renouvelée’ (city renewal). This section describes these projects (with especial attention to the economic, social and cultural drivers they seek to unleash), their outcomes, and problems faced; Section 4 will unravel what can be seen as the ‘enablers’ behind these initiatives, i.e. the governance and policy factors that have shaped the development processes and made them successful.

3.1. Euralille

Euralille is a new ‘multifunctional’ quarter conceived and constructed over the past decade as a grand project based on the new role of Lille as a hub in the northern European high speed rail network. Moreover, the original historic core was proving too small to accommodate new commercial space and
Euralille offered the opportunity for extending business and shopping facilities. The design of Euralille was directed by Dutch architect Rem Koolhaas (author of “Delirious New York”) with a vision for a new kind of urban life and aesthetic, geared to new sensibilities of globalization, time-space compression and virtual space. The project was conceived as a generic place of transition and movement rather than one of place and local identity. The first stage was completed in 1995. The Euralille project is a visually exciting and programmatically innovative experiment which now ranks in third position after Paris-La Défense and Lyon-Part-Dieu as a business district. It boasts office space, hotels, shopping amenities with a large shopping centre containing a hypermarket and 120 retail units (113 000 m2), and of course a central hub station with access to both local and international destinations. It currently hosts 10,000 jobs (but most of which were relocated and not created) and several famous international and national companies such as Deloitte, Auchan (hypermarkets), SNCF, EDF, etc. Public sector employers such as the Regional Council have also located their offices in Euralille. Commercialisation is close to 90 percent and the second stage (Euralille 2) which was launched in 1998 is about to be completed. The Euralille project is managed by the SAEM (Société anonyme d’économie mixte), a public-private partnership between local authorities (which are the majority shareholders) and private actors. Since May 2008, it has been chaired by the mayor of Lille, Martine Aubry.

Euralille has sought to activate the following drivers:

- Inward investment and business relocation
- Office/business space
- Tourism infrastructure (hotels, conference/congress centre)
- Transport infrastructure
- Housing infrastructure
- Shopping/Consumption/Leisure and recreation

To analyse these drivers, the Agence Lille Metropole collects its own datasets on e.g. on firm relocation (via the APIM agency, in charge of attracting inward investment) or rates on hotel occupancy and commercialisation of office space through its own research team. It also conducts ad hoc qualitative surveys such as the perceptions of the area by residents and employees.

3.2. European Capital of Culture (2004)

In 2004, Lille was designated European Capital of Culture together with the city of Genoa.

A vast array of events and activities were put together for the occasion. In fact, around 2000 events (concerts, exhibitions, conferences, etc.) took place, many of which have strongly reshaped the local leisure and cultural landscape. Indeed, a number of buildings were created or refurbished. For example, ‘la Piscine’ in Roubaix is a former ‘Art Déco’ swimming pool which was redesigned as an art and industry museum while 11 ‘Maisons Folies’ (artists residences and socio-cultural activity centres) were set up in deprived areas.

The outcomes of the European Capital of Culture year were that it attracted nine million participants (with two million tickets being sold) and thereby contributed to placing Lille on the cultural map and developing awareness of the city as a potential tourist destination.
In sum, the key drivers in the Capital of Culture initiative were:

- Place marketing (city imagery)
- Culture and creativity
- Tourism development

3.3. Delta 3 (logistics platform)

The DELTA 3 is a logistics centre located 20 km to the South of Lille. It combines 3 elements on a same 300 hectare site:

- A multi-modal transport terminal (rail – route – waterways)
- Logistics areas with 330,000 m² of state of the art warehouses
- An office area and a living area

Delta 3 was created in 2003. It is owned and managed by Lille Dourges Container Terminal which has five shareholders (the main shareholder being Novatrans). In 2007, LDCT handled approx. 108,000 transhipments and over 3,000 trains. The maximum estimated capacity of the site is about 200,000 transhipments a year. Its impact on job creation is clear: in 2007, the site employed 1000 people compared with 80 people in 2003.

The DELTA 3 initiative seeks to unleash two essential drivers of economic activity which are:

- Business Infrastructure
- Transport and mobility (of goods)

3.4. Programme de Rénovation Urbaine

The PRU is a national programme which seeks to promote neighbourhood renewal in areas classed as Zones urbaines sensibles (ZUS). Under this programme, 10% of the social housing stock will be demolished and rebuilt or refurbished by 2013. Greater Lille’s PRU of Lille concerns 12 municipalities and includes 10 rebuilding projects on 13 social housing estates. The government agency, the Agence Nationale de Rénovation Urbaine has provided the Lille Communauté Urbaine with € 300 million.

Like most neighbourhood renewal initiatives, the drivers on which the PRU relies are:

- Quality affordable housing
- City imagery
- Social Cohesion
- Sustainable development
3.5. CréatiVallée

Entrepreneurship is widely recognised as being a key driver in local economic development policies. A specific project focuses on this driver. CréatiVallée – Donner envie d’entreprendre is a private company (gathering and mobilising partners from the public and private sectors) operating in the Nord-Pas-de-Calais region. It has an annual budget of 450,000 euros. Part of its funding comes from the Regional Venture Creation and Transmission Programme, known by its French acronym PRCTE, and its goal is to create a regional dynamics by identifying initiatives that foster a spirit of enterprise, including those that inform, explain and encourage people to create businesses and those that demystify the role of the entrepreneur. Every three years (2001, 2004, 2007), CréatiVallée conducts surveys among a sample of 1,000 young people aged 19 to 25 to find out about degrees of awareness and trust in entrepreneurship. This evaluation only gives ‘soft’ evidence that the spirit of ‘entrepreneurship’ has progressed but the impact on business creation has been difficult (if not impossible) to measure.

3.6. Finorpa

The Finorpa Group is an organisation established with the view to help SMEs in the Nord Pas de Calais. It was set up in the early 1980s as a subsidiary of the Groupe Charbonnage (owned by the State), its original task was to support the closure and restructuring of the coal mines in the four districts of Douai, Lens, Valenciennes, Bethune. A decade on, by 1994, the central State had provided 130 million euros. Since 1994, a further 500 million have been invested. Today, Finorpa is a public/private partnership of 14 shareholders (the regional authorities and several regional banks and financial institutions). The funds are used to help SMEs in various ways and at various crucial stages, providing either seed funding for the start-up or helping consolidate or restructure those facing severe difficulties. In the 20 years period, Finorpa has supported 2000 PMEs and 2300 projects. It has been estimated that 7,000 euros have been invested per job. Approximately 40,000 jobs have been created.

Finorpa clearly impacts on the industrial fabric and productive capacity and as such acts on:

- Attractiveness
- Entrepreneurship
- Competitiveness

4. Identifying the ‘enablers’

Here we concentrate on the enabling factors which can explain the success of the aforementioned projects in activating local economic development drivers. Unsurprisingly, these are essentially related to governance, which is some instance could be seen as a constraint (such as for example in relation to the difficulties promoting a cross-border dialogue). By the same token, other governance factors can be classed as enablers. The key ones are:

- Importance central state steering and legislation and of public funding (notably through central government)

This was for example visible in the Finorpa and PRU initiatives, although it was clear that there is leeway for actors to adapt it to local needs. In the case of Euralille, it was local public funding which helped sustain the development of this project through the economic crisis of the 1990s when private actors weren’t willing to invest in it.
• **Strong local leadership**

The Eurolille project was led by Pierre Mauroy, former Mayor of Lille and former Prime Minister who in the late 1980s anticipated the future impact of the Channel tunnel which was to be completed by 1993 and grabbed the opportunity for his city, championing the project at the national level. He ensured that the TGV would go through Lille and not through Amiens as originally planned. More importantly, once Lille was chosen, the debate was around whether the TGV would bypass the city centre to be located in the periphery and Mauroy astutely managed to get it to pass through the city centre. Mauroy carried this project amidst heavy local protest and criticism (particularly about the extra costs of 26 million euros financed through the local authorities’ own budget). Mauroy’s achievement was not only to impose his vision of Lille being ‘at the heart of Europe’ at Matignon but to rally local elected politicians who previously held antagonistic views. In this sense, time has shown that Mauroy has left a strong political imprint and legacy. When compared to Marseille’s Euromediterranean project, Lille has benefited from a much higher local leadership with continuity, longevity and stealth in political vision.

• **A few highly committed local ‘family’ enterprises**

Greater Lille has several local employers such as the Auchan Group (by far the leading local business) with have historically had a strong presence in the region and which can be easily mobilized in the context of local economic development.

• **A strong local civil society**

A common theme in all the initiatives described is the culture of consultation and consensus. There is widespread evidence that actors have rallied around the idea of iconic projects that would create a sense of ‘city pride’. Lille has a very large informal network of 700 people created in the early 1990s known as Comité Grand Lille which brings together representatives of financial institutions, managers and directors of local enterprises, the Chamber of Commerce, social partners, local civil servants, artists, elected politicians. For example, the Committee has sponsored the city’s application to the Olympic Games and generally speaking, a lot of work is undertaken to build strong ties between local actors. The quality of these human ties appear to follow what could possibly be viewed as a ‘Northern European’-type of culture based on consensus and dialogue rather than conflict.

5. **System of indicators**

Of course, at this stage of the report, a key question to ask is the extent to which the design and implementation of the six aforementioned initiatives was informed by indicators, and if so by which indicators. We have seen that the Agence Lille Métropole collects some data though its own surveys. This has been particularly useful to accompany the development of Euralille for example. In addition, the Greater Lille Chamber of Commerce has a major role in pulling together those indicators relevant to economic development. A team of four people (known as ‘Entreprises et Développement’) is dedicated to territorial analysis of the Nord Pas de Calais region. The team’s role is to engineer activities according to an empirical approach as opposed to one that would rely on macro-economic modeling. The objective of the team is to identify the economic drivers, particularly the so-called ‘pulling sectors’ (‘secteurs entraînants’) and the weight of the metropolitan area within the region so that this information can be passed onto local elected politicians and inform their discussions with regional authorities. The Chamber of Commerce has put together a comprehensive information system which represents the economic circuit and is divided in three main thematic sections that interact with one another: (1) population, (2) territory, (3) productive system. Within this system, a distinction is made between ‘means’ and ‘outcomes’
indicators. The information provided relates first to the objectives, secondly to the actual indicators used and finally to the sources. Fourthly when ‘methodological alerts’ are available, the information is also mentioned. Moreover, thought is given to the comparative advantage of the region in order to avoid the pitfall of undertaking a mere ‘listing exercise’ without any analytical work.

The first category, the population category, brings together datasets on demography, active population and employment, initial and further education. The sources for this data are the French national statistical office known as INSEE (Institut National de la Statistique et des Etudes Démographiques) and the Institut National d’Etudes Démographiques (National Institute for Demographic Studies). Statistics on labour market and employment include the usual series on active population, activity rates by age and gender, employment rate by age and gender, employment by sector, educational achievement and the like. These are also obtained through INSEE, with further sources such as the ASSEDIC (the employment insurance administration) and URSAFF (the administration dealing with social security contributions).

The territorial indicators (second theme) are based on factors such as geomorphology, infrastructure (roads, airports, etc.), urban and rural areas, etc. The data is drawn from the regional Nord-Pas-de-Calais division of INSEE and from the Direction Générale de l’Equipement Nord. At this level therefore, the sources are provided by regional bodies.

Finally, data on the productive system is geared towards the objective of “understanding the economic challenges and drivers” for the region. Work is done on the characteristics of the local pool of SMEs and on enterprise creation. The SME indicators are sourced from a database known as SESSI (this is a census of SMEs with less than 20 employees and which are classed as ‘monoregional’ because 75% of their payroll is earned in a region). A further source is a dataset launched by INSEE a few years called ‘CLAP’ (Connaissance locale de l’appareil productif – or ‘local knowledge of the productive system’) which provides more precise information for NAF 700 (the French ‘nomenclature’ which goes down to the level of the municipality). This database gives precise data for example on the number of employees and types of posts occupied by staff. However, a major problem is precisely that the database is too recent to conduct any longitudinal analysis. A further route would be to use commercial databases but these record headquarters of companies. The intelligence unit in charge of compiling indicators at the Chamber of Commerce do not feel that this data is relevant since they are looking for data at the level of the establishment. Thus a lot of attention is paid to methodological, reliability and cost factors when selecting the databases for local economic analysis.

The Greater Lille Chamber of Commerce is currently putting together a sectoral model which makes a distinction between four types of sectors (“driving”, “driven”, “transformative” and “induced”) according to the degree to which they create or attract wealth. The objective is to work our indices for wealth creation, exports, consumption and other categories. This approach is promising but no data is available for each individual industrial sector at the sub-regional level and the issue of data collection is thus crucial for the future development of this information landscape.

A question therefore is how the information system could be improved?

There is no doubt that in its current form, the information system is both very relevant and comprehensive and that it brings together a huge wealth of indicators. However, it displays a certain number of problems. The first concerned the accuracy of the data since the census of population produced by the French statistical office (INSEE) dates back to 1999. So far, updates were available every ten years. From December 2008 onwards, yearly updates will be available (so called ‘renovated census’). It is therefore too early to say whether this change will have an incidence and how it will translate into policy.
Moreover the geographical units that are measured in each dataset differ according to the institutional sources. For example, data provided by INSEE is available for municipalities but URSAFF and ASSEDIC provide data at sub-regional and not municipal level (for the ‘département’, but not for the ‘commune’). Data harmonization between sources should therefore receive more attention.

A further caveat identified by local actors was the lack of sub-regional data and lack of data on flows (as opposed to stocks). This was for example the case for inter-firm flows on which data is acutely needed. Again this limits the knowledge base and has incidence on the policy process. Further requirements would be access to more sophisticated data on executive knowledge intensive jobs, on R&D and on net migration.

Finally, one noteworthy issue in terms of data collection and analysis relates to Lille’s cross-border status. French and Belgian information systems are not very different but the lack of communication between the relevant actors hinders the comparative and harmonization process. There is a dearth of information on cross-border flows of people, goods and capital which is why appropriate monitoring systems need to be designed.

6. Learning points

When it comes to economic development, Lille has undoubtedly what might be termed the ‘classic inventory’. The overall strategic framework incorporates the essential features of a ‘standard’ regeneration strategy which comprise infrastructure, urban renewal, inward investment, culture and creativity.

This list of items is of course transferable to other OECD regions. In fact, most OECD regions have implemented these items in some combination or another. What seems more difficult to transfer is the method. Indeed the major difference does not lie in the ‘what’ but in the ‘how’ issues of design and implementation, the way things are done and the context in which they are done.

The Lille case study shows that there is an obvious ‘French’ take on the above inventory: whilst there are public/private partnership in almost all the initiatives described, the public sector remains dominant in terms of funding and policy directions. Clearly, this would not be the case in other European regions.

When it comes to information systems, as mentioned above, Lille’s actors have a comprehensive set of statistics at their disposal. But the quantitative data does not appear to be used to ‘fit’ a pre-defined econometric model of what the regional economy should look like (although arguably such a model may look ‘rigorous’ on paper but could be seen as flawed when set against the reality).

Finally, the analysis of the Lille case study is a reminder of how important it is to get the conceptual framework regarding the relationship between the triptych indicators-drivers-enablers right. Despite the problems mentioned in relation to the availability of indicators, indicators can and should no doubt be used to measure the drivers (human capital, housing, inward investment, tourist flows, entrepreneurship, etc.) of local urban development. In this area, Lille has shown that there is room for improvements such as compiling new indicators or improving data collection methods. However, the case study also clearly shows the dangers of seeking to use quantitative variables and indicators to measure enablers. Enablers fall essentially within the remit of governance processes, and by essence processes need time to unfold. They should thus rely on ‘softer’ qualitative approaches such as interviews and group discussions.

In view of these observations, two recommendations could be made for Greater Lille and for similar OECD cities and regions. The first relates to local action: at the local level, it would be necessary to implement specific commissioned surveys to fill the information gaps on economic flows, research and development, design. The second relates to transnational action supporting information exchange: one could envisage the creation of a portal on the world wide web that would provide a detailed list of key
drivers which were found in all regions and of the indicators which are used (or could potentially be used) to monitor these drivers. This would not only allow monitoring over time, but would also provide material for fruitful cross-national and cross-regional comparisons.

7. References


*Websites consulted between 23rd September and 27th October 2008*

Agence de développement et d’Urbanisme de Lille Métropole :


Agence pour la promotion internationale de Lille Métropole : [http://www.apim.com](http://www.apim.com)

Créativallée: [http://www.creativallee.com](http://www.creativallee.com)


DELTA 3 Logistics Platform : [http://www.delta-3.com](http://www.delta-3.com)


Greater Lille Chamber of Commerce : [http://www.grand-lille.cci.fr](http://www.grand-lille.cci.fr)

GERMANY

SUMMARY REPORT BRANDENBURG

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This brief report examines indicators for local employment and economic development and their use in the policy process in the state of Brandenburg: Section 1 describes the governance context; section 2 surveys trends in local development and the performance indicators used; section 3 reports on local strategies and policy actions and the indicators that support policy for labour market (3.1) and economic development policy (3.2) respectively. Section 4 presents preliminary conclusions. The report is based on information gathered from the field visit in Potsdam, Brandenburg June 30-July 1, 2008 organized by LASA (State Agency for Structure and Labour) and also attended by representatives of the Brandenburg Labour and Economics Ministries, on documentation supplied by LASA, and on the project questionnaire completed by LASA officials. The discussion of programs and indicators for both labour market and economic development policies is with reference to current activities in the 2007 – 2013 program period.

1. Governance context

Actor constellation

Brandenburg is one of 16 federal states in Germany. The Brandenburg state government is a regional actor with important but limited strategic room for maneuver in a policy field in which the German federal government and the EU play dominant roles. Moreover, actor constellations within Brandenburg are themselves complex with responsibility for labor market and economic development divided between the Labour and Economics ministries.

In the area of labour market policy the Federal government is the principal player, acting through the public employment service and local agencies for the unemployed on social assistance. Although the Brandenburg region in former Eastern German is one of the principal recipients of ESF funding in Germany, Brandenburg State programmes account for only about 15% of labour market expenditure for active measures in the region.24

Brandenburg’s own labour market programmes are designed to complement Federal programs and to set particular regional accents. They are developed and administered almost exclusively within the framework of European Social Fund (ESF) programme for the region, which is the main source of funding for state programmes. The definition of policy goals and monitoring and evaluation requirements is, therefore, largely shaped by EU guidelines and reporting requirements.

Within the state administration responsibility for the Brandenburg labour market strategy and programs rests with the state Ministry for Labour, Social Affairs, Health and Family (MASGF). LASA (State Agency for Structure and Labour) is a publicly owned limited liability company founded in 1991 to assist the Labour Ministry and to support regional and local actors in implementing state labour market programs. LASA is a service provider for the ministry that performs primarily advisory and coordinating functions and manages most Brandenburg ESF-programs.

In the Brandenburg state administration the Ministry of Economics is primarily responsible for regional economic development policies. There is thus an additional need for horizontal inter-ministerial policy co-ordination with Brandenburg (inter-ministerial working group). EU programmes, especially the European Regional Development Fund, also play the major role in financing regional economic development policies and policy objectives and data reporting requirements in this policy area too are strongly shaped by the relevant EU guidelines.

The ZAB (Future Agency Brandenburg) is an agency of the Brandenburg Economic Ministry (jointly with the local chambers of commerce). It is primarily engaged in service and consulting activities in support of ministry programs and not a strategic actor. Its particular focus is on attracting and advising new industries, support for SMEs and technology-oriented business start-ups. Funding of economic development programs is carried out primarily by the publicly owned Investment Bank of Brandenburg (ILB), with which the ZAB works closely. The ILB finances public and private investments in trade and industry, the infrastructure and housing construction using funds from Brandenburg, the Federal Government, the EU and its own resources. It can offer Brandenburg firms grants, loans at favourable interest rates and bank guarantees and venture and equity capital. The ILB is the principal administrator of ERDF grants in Brandenburg.

**Doughnut problem**

Berlin and Brandenburg together constitute a metropolitan area with a population of more than 5 million people. At the center of region is the German capital, Berlin, which is an independent and in some respects competing federal state of its own (e.g. location decisions of firms) with about 3.5 million inhabitants. Brandenburg’s labour market and economic development are closely linked to that of Berlin, for example, about 160,000 Brandenburg residents or about 16% of all employed persons commute to Berlin to work (and 60,000 Berlin residents work in Brandenburg). Coordinated leadership, which is seen as a problem, is difficult to achieve not only because they are separate jurisdictions but also because they are governed by different political coalitions. An example of leadership failure mentioned is the failure of Berlin and Brandenburg to create a joint agency and a common service package for investors.

**2. Trends in local labour market and economic performance**

The responsible ministries report regularly on labor market and economic performance (e.g. MASGF, *Bericht über den Arbeitsmarkt des Landes Brandenburg 2006/2007*, Potsdam 2007; Ministerium für Wirtschaft, *Jahreswirtschaftsbericht 2007*, Potsdam, 2007) as does the Berlin Brandenburg Statistical Office (Statistisches Jahrbuch 2007, Potsdam 2008). Moreover, the ESF and ERDF Operational Programs for Brandenburg include detailed historical information on core performance indicators. The employment rate in Brandenburg was 65.7 % (men = 67.5 %, women = 63.8 %), which is higher than in Germany as a whole.

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25 In Berlin a coalition of the Social Democratic and Left (former Communist) parties whereas in Brandenburg the Social Democrats form a coalition with the Christian Democratic (conservative) party.
whole but still lower than the overall Lisbon target of 70%.\(^{26}\) Despite recent improvement, employment with social security coverage was 11% lower in 2007 in comparison with 2000.

Like other eastern German regions Brandenburg is still experiencing markedly higher level of unemployment that in western Germany. The unemployment rate (registered unemployment) was 14.9% in 2007, comparable with that in other eastern German states but almost double the rate in western Germany. The average duration of unemployment is high and youth unemployment is perceived as a major problem. A particular focus of policy is the imbalance in the market for apprenticeships. For the 30,000 school leavers seeking apprenticeships in 2006 only 14,000 openings in firms were offered. The number of school-leavers will decline sharply in the next few years for demographic reasons (MASGF 2007a 28-30).

Real GDP in Brandenburg grew by 2.2% in 2007, which was less than in all eastern states (2.4%) or in Germany as a whole (2.5%). Productivity was only about 80% of total German productivity and purchasing power (14,000 € per capita) was, markedly lower than the German average (17,500 €). The poverty rate in Brandenburg was 13.3% in 2005.\(^{27}\)

Brandenburg, like other eastern German states, is experiencing a continuing population decline from 2.56 million in 2005 to an estimated 2.49 million in 2015. This trend is due to a drop in the birth rate and a negative migration balance. The impact is strongest in less developed peripheral regions and among younger, better educated persons, especially young women.

Within Brandenburg there are strong regional disparities in the employment and economic situation.

2.1. Indicator system for employment and economic development

The general measures of performance used in Brandenburg noted above are highly standardized indicators that are very similar to those used for reporting on local economic, employment and social performance in other OECD countries. The indicators are used primarily to compare Brandenburg with other German regions and with Germany as a whole, or to compare sub-regions within Brandenburg.

The general performance indicators used by the Labour and Economics ministries in Brandenburg are largely based on externally available data, especially from the Brandenburg Statistical Office or the PES.\(^{28}\) The contribution of Brandenburg to the policy information system with regard to performance indicators is to ensure that the standardized performance indicators are available for Brandenburg and for sub-regions and industries within Brandenburg and are presented in a user-friendly format.

Performance indicators are accessible to local policy actors in publications like those mentioned above. For some indicators information is also available on line, for example LASA’s Skilled Labour Information System (see below). Even here most of these indicators from external sources are available to users only with a considerable time-lag.

Self-collected data occur and are used largely in connection with measuring and evaluating locally defined drivers of performance and policy actions (see 3.1.3 & 3.2.3 below).

\(^{26}\) 2006.

\(^{27}\) Poverty is defined as less that 60% of the median income per person income in Brandenburg (MASGF 2007b).

\(^{28}\) It is important to distinguish between the data source and the data provider. For example, the Brandenburg Statistical Office compiles data from many other sources in addition to its own self-collected data.
3. Local strategies (drivers) and policy actions

Local labour market and economic development policies in Brandenburg are strongly shaped by EU priorities and policy guidelines for the structural funds, especially ESF and ERDF, which are the principal source of funding. Within this framework more specific local strategies suited to local needs are developed. EU management and monitoring requirements also foresee at least pro forma a target-oriented management system with corresponding indicators and monitoring and evaluation of local performance. Local actors emphasized that in developing their own strategies they must work within existing funding possibilities and the strategic framework set by higher governance levels.

3.1 Labour market

As noted above, local strategies and policy actions on the labor market are embedded in a complex national and international (EU) policy field. The ESF Operative Program for the region is the principal planning instrument. It articulates a comprehensive set of local strategies based on the overall ESF policy priorities and defines corresponding output and outcome indicators for Brandenburg. Within this framework the Labour Policy Program of the State of Brandenburg ("Investing into human resources - strengthening regions") elaborates a set of concrete measures for the 2007-2013 planning period.

3.1.1 Local strategies (drivers)

The ESF operational program articulates the following specific strategies (drivers) for the 2007-2013 planning period within the main ESF priorities:

Priority 1: Adaptability and competitiveness of employees and firms (17% of expenditure)
- Strengthening strategic capacities of companies
- Supporting business start-ups
- Training for employed persons

Priority 2: Enhancing human capital (39%)
- Increasing research and development potential
- Improving training capacity for young people
- Securing initial training and the quality of advanced training

Priority 3: Access to employment (38%)
- Increasing employment percentage of women
- Improving employment opportunities for disadvantaged young people and people not receiving unemployment benefits
- Strengthening regional and local employment policies

In interviews representatives of LASA stressed in particular the importance of (1) education and skills tied to local economic needs and (2) mind sets and social skills, which includes entrepreneurship and creating new businesses. Entrepreneurship and business development are regarded as depending mainly on the ability of people to have an entrepreneurial approach. Innovation too is seen as a function of education.

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and skills. This emphasis on training and skills reflects the particular focus of LASA on labour market issues. Infrastructure, in particular the new international airport under construction and access to broadband data, especially in outlying areas, are also deemed important. Because of EU guidelines it is sometimes difficult to provide needed support, for example, for broadband infrastructure.

State labor policy expenditure in Brandenburg over the 2007-2013 period is projected at € 825 million (including 25% national co-financing) of which about 17% is earmarked for Priority 1 (Adaptability and competitiveness), 39% for Priority 2 (Enhancing human capital) and 38% for more traditional labour market programs.

A noteworthy innovative approach in Brandenburg is the introduction of regional budgets which enables 18 counties and cities to develop and implement their own local initiatives for the unemployed. Under the program the regions receive a global grant on the basis of a regional concept and policy targets negotiated with the ministry and are encouraged to develop new programs for the region that go beyond the standard policy portfolio of federally financed programs. An important goal is to link labour market programs to regional economic development. In the first year of the current ESF funding period regional budgets totalled €18 million or about 15% of the Brandenburg labour policy budget. The regional proposals are required to articulate a local strategy based on a SWOT analysis, define operative targets and output and outcome indicators. The LASA administers the program, providing technical support and advice to the regions and quality monitoring for the Ministry.

3.1.2. Policy actions

The Labour Policy Program of the State of Brandenburg establishes specific programs designed to influence these drivers/promote these policy goals, whereby the Labour Ministry regards its activities as supplementary to the labour market programs of the Federal Government and complementary to the economic development activities, for which the state Economic Ministry is primarily responsible.

Principal programs listed by priority area are:

**Priority 1: Adaptability and competitiveness of employees and firms**

Programmes:

1. Promotion of skills management and critical skills in SMEs
2. Promotion of part-time work for unemployed youth after completion of training
3. Promotion of family-friendly personal policies in SMEs
4. Support for business start-ups
5. Business incubators for young entrepreneurs
6. Business competence centers for artists and creative occupations

**Priority 2: Enhancing human capital**

1. Promotion of higher education and career services
2. Promotion of apprenticeship training for youth without a regular apprenticeship
3. Promotion of apprenticeship training in craft enterprises
4. Promotion of a voluntary ecological or social year for youth

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5. Projects for career orientation in high schools
6. Qualification network projects for SMEs
7. Projects to improve the quality of training and further training
8. Qualification and training programs for older workers (50+)

Priority 3: Access to employment and social integration of the disadvantaged
1. Projects to increase the employability of and reintegrate the long-term unemployed
2. Social-pedagogical support for disadvantaged youth entering training or employment
3. Youth projects to prevent school drop/ increase graduation rates
4. Qualification programs for inmates/ for the reintegration of former prisoners
5. Regional budgets
6. Job creation measures

The fourth strategic strand foreseen by the EU OP, transnationality, should also be mentioned, of which participation in this international project is an example.

In interviews local actors on the labour market side stressed in particular the importance of their business incubator program to support business start-ups (Lotsendienst”), the regional budgets described above and LASA’s Training Data Bank.

The Training Data Bank is a service to individuals and employers seeking opportunities. It supplies current and comprehensive information on training providers and training opportunities in Brandenburg and Berlin of all types. Training providers themselves are responsible for their own content. Currently (Sept. 2008), it contains 54,718 course offerings from 722 providers in Berlin and Brandenburg. It was judged to be the 3rd best such data bank in German (out of 25) in a recent survey by a consumer magazine.

3.1.3. Information to support policy

The ESF operational program for Brandenburg, which is in practice identical with the Brandenburg labor market program, defines 18 outcome indicators and targets for 14 specific local strategies and 18 output indicators for the corresponding program activities (see above) for the 2007-2013 planning period.31

Measurement of the outcome indicators is diverse. In nine cases it is self-collected by the Labour Ministry or its agents, based on commissioned evaluations (6), LASA surveys or monitoring data (2) and on the Brandenburg Training Data Bank (1). Three indicators are based on a national employer panel survey in which the Brandenburg Labour Ministry funds a special section on the region with an enlarged sample. For five indicators recourse is to externally available information sources: the PES (2), Federal Institute for Educational Research (2) the Brandenburg Education Ministry (1). In one case the source of the indicator is unclear.

The 18 program output indicators are completely based on self-collected monitoring data. The monitoring system for output indicators is based on project information supplied by the service provider at the beginning and end of a project and at the end of each year (“Stammblattverfahren”). Standard information is collected on (1) project formalities; (2) relevance to EU horizontal themes; (3) beneficiaries of the project; number and characteristics of participants; (4) type of services provided etc. This

31 See Appendix 2 of the ESF-OP for Brandenburg.
information is supplemented by data collection on individual participants and participating enterprises in Brandenburg.

The target values are cumulative for the entire planning period and ESF operational program only foresees an interim evaluation and does not specify the frequency of performance monitoring. According to LASA, their monitoring data are used (1) for reporting to the Labour Ministry, mostly for the annual report and the financial reports as well as for inquiries from the regional parliament, and other state and national ministries; (2) for internal use in quality assurance and controlling.

Evaluations are conducted regularly on major labour market programs, typically at the mid-term and end of the program cycle.

Two important examples of locally collected data to support policy are (1) the Skilled Labour Information System and (2) the Brandenburg Enterprise Monitor. LASA’s Skilled Labour Information System provides individuals, service providers and local policy actors with online information in PDF-format on trends in employment, demography, education and training and unemployment at a detailed level (sub regions and industries), including the growth industries and regional clusters (“growth poles”) that are the focus of current economic development policy (see 3.2 below). The principal aim of the information system is to identify current and future skill shortages at the sub-regional level. The data in the system is based on externally available information and the principal value added is in the collection and presentation of the data for users at a sub-regional level. This is the only regional monitoring system of its type in Germany.

The information system is being continuously developed. Future improvements in the on-line presentation might include the use of interactive data - currently the data bank is based on Excel-Tables available on-line for individual indicators in a PDF-Format - and more frequent updates of the published data. Standard software could be used to identify who is using the data on the LASA website, for example, to make case for continued funding or to decide which information services should be further developed.

The investment in the skills information system, together with the skills training data bank, reflects the conviction of local actors in Brandenburg that demographics and skills development are a key driver of the local economy.

LASA is currently in the process of developing a proposal for the “Brandenburg Entrepreneurship Monitor” to support its enterprise development policies. Planned is an annual survey of all students and researcher, and professors in Brandenburg, follow-up surveys of all business start-ups among these groups and parallel surveys of expert groups in industry, science and politics on topics related to entrepreneurship (e.g. personal characteristics, interest in business start-up, motivation, assessment of chances and obstacles, use of public programs, financing, assessment of political and policy environment etc.).

A local company database based on company data from a commercial provider of credit referencing information and LASA’s own information sources is also planned. The purpose is to show young people that there are a lot of job opportunities in the company sector in Brandenburg and to counter the tendency to seek secure jobs in the public sector.

32 For most indicators the annual data were available in September 2008 only up for the period up to 2006
3.2. Economic development

3.2.1. Economic development strategy Brandenburg

Brandenburg’s economic development policy is – like labour market policy – largely formulated, monitored and evaluated within the frame of state implementation of the European structural funds, especially the European Regional Development Fund (ERDF). Planned expenditure over the 2007 – 2013 funding period amounts to circa € 2000 million, including €500 million in national matching funds.

The ERDF Operational Program Brandenburg articulates four principal strategic objectives within the overall Lisbon strategy, in addition to technical assistance and innovation:

Priority 1: Promoting investment and innovation processes in enterprises (44%)

The strategic approach lies in combining financial assistance for investment in the development of modern plants and for technical and organisational innovations with the provision of advice for both existing firms and start-ups, thereby generating an integrated overall approach. Specific goals are:

- Support for productive investments to modernize capital stock and raise productivity
- Promotion of R&D by enterprises, technology transfer and high-tech enterprises
- Strengthening entrepreneurial potential (marketing)

Priority 2: Developing infrastructure geared to innovation, technology and education (17%). Specific goals are:

- Linking scientific research to innovation in local enterprises
- Improving skill levels through improvements in educations
- Support for information technology and e-government.

Priority 3: Business, tourism and transport infrastructures (22%). Specific goals are:

- Providing infrastructural support for industrial and commercial development sites
- Improvement of road transport infrastructure for regional development
- Improving tourist infrastructure

Priority 4: The environment and urban development (15%). Specific goals are:

- Urban development
- Promotion of environmental quality for sustainable growth

Promotion of investment and innovation processes in enterprises receives the largest share of total funding of total funding (44%), followed by business, tourism and transport infrastructures (22%), science and educations (17%), and the environment and urban development (15%).

New Regional Strategy

The new “business cluster strategy”, is the trademark of economic development strategy in Brandenburg. As described by local authorities, it represents a paradigm shift toward concentration of assistance on specific growth sectors and promoting networks among actors in these growth industries.
Hence the new (since 2005) slogan for business development: „build on strengths – encourage economic growth and employment”.

Based on a technical analysis 17 growth industries have been identified. Selection criteria were: Export orientation, close collaboration with research institutions, a higher than average degree of linkage within the line of business, a high value added and above average economic growth and co-operation with Berlin.33

The new strategy also has an important territorial dimension: For each growth industry regional concentrations which have developed in the last decade were identified, altogether 67 industry concentrations (so-called „BranchenSchwerpunkttorte”). Beneath and partly identical with these industry concentrations - 15 growth poles (“Wachstumskerne”) have been identified for special support. These sub-regions were selected on the basis of their above average economic or technology potential. Faced with the policy dilemma of targeting either the less developed peripheral regions or those with more potential, Brandenburg has moved cautiously toward the latter strategy.

A principal aim of the new strategy is to establish a state-wide SME-network in each of the 17 identified growth industries. Initially, six networks were established34 and further networks are planned.

The cluster management in Brandenburg is divided into three management areas: the operative network management, the administrative network management and the overall network management. Whereas operative network management is the task of a network manager elected by the network partners, administrative support is provided by the ZAB. Coordination of cross-network activities is provided by a ZAB senior manager supported by an advisory board.

3.2.2. Policy actions on drivers

The above priorities and policy targets are implemented in a wide variety of subsidy, loan and consulting service programs for enterprises, local authorities and educational institutions. They include:

Priority 1: Promoting investment and innovation processes in enterprises
GA investment subsidies for SMEs
A Risk capital fund for SMEs
Loan guarantees and micro-financing for SMEs
Subsidies for innovative energy saving technologies
Promotion of firm networks
Business consulting services for SMEs
Promotion of international marketing

33 The 17 identified growth industries in Brandenburg are: aerospace industry, automotive industry, biofuels, biotechnology / life science, environmental and energy industry, food industry, geoinformation, logistics, media / IT, steel and metal industry / mechatronics, mineral oil, optics, paper, plastics / chemistry, rail technology, tourism, woodworking.

34 Logistics, automotive industry, biotechnology / life science, geo-informatics, tourism , environmental and energy industries.
Priority 2: Developing infrastructure geared to innovation, technology and education

Investment in industry-related research capacity in higher education
Model projects for industry-related training and for IT infrastructure in schools

Priority 3: Business, tourism and transport infrastructures

Regional infrastructure development for new BBI airport
Investments in road transportation infrastructure
Regional rail connections
Tourist infrastructure (biking and hiking trails, water ways, local attractions etc.

Priority 4: The environment and urban development

Urban renewal
Neighborhood projects
Investment in urban transport and cultural infrastructure

There is a base level of support allocated to all enterprises and regions and growth industries and regional concentrations as well as SMEs now receive extra funding.

3.2.3. Policy Information system (monitoring and evaluation)

The management goal and indicator system for regional economic development in the Brandenburg ERDF Operational Program is more rudimentary than that for the Brandenburg ESF labour market program described above. No indicators for local strategic goals (drivers) are specified but only circa 20 specific output indicators for program activities (e.g. leveraged business investments of €2,700 million, assistance to 150 high-tech business start-ups). These output indicators can only be measured based on self-collected program monitoring data.

Project activities and program targets are monitored on an ongoing basis, primarily by the Investment Bank Brandenburg, which is responsible for the implementation of most assistance programs, and published in the annual reports of the Economic Ministry. No detailed information was available on the monitoring system for economic development program activities.

Evaluation takes place in accord with EU guidelines typically in mid course and at the end of the project phase. Monitoring and evaluation of the GAnetworks, which is a new and complex task, is the responsibility of the overall network management at the ZAB. An evaluation of the general approach is currently nearing completion and a second evaluation on outcomes will be completed in 2010.

Data supplied by the Berlin-Brandenburg statistical office for labor market and economic indicators is not current. This is due in part for technical reasons but also to the time-lag in making data from national sources and other Brandenburg ministries available. It is difficult to get some types of data at the local level, for example, GDP data does not exist below Nuts III and local wage data is not available.

4. Summary and Conclusions

The Brandenburg state administration is a regional actor in a policy field in which the strategic framework and funding for state policies is largely externally determined by the EU structural funds, which
are the principal source of financing. The state government has an important role to play in adapting the general EU policies to local circumstances and in efficient and effective implementation.

This governance structure is a principal determinant of the policy information system. The EU planning process mandates, at least pro forma, a strategic orientation, target-oriented policies, the specification and monitoring of operational indicators for outputs and outcomes, and evaluation of programs. EU requirements have arguably greatly augmented the spread of a more analytical and indicator-based approach to policy formulation, monitoring and evaluation.

In both labour market and economic policy there has been a strong and commendable effort to pass on greater responsibility for initiating and implementing policies to the local or industry levels (“regional budgets”, “business clusters”), which generates an urgent need for corresponding indicators at the sub-regional level.

The general measures of development performance used, for example, in the annual reports of the Labour or Economics Ministry or in the SWOT analysis of the ESF and ERDF operational programs, are highly standardized indicators very similar to those used in other OECD countries. They are entirely based on externally available data. The contribution of the regional authorities is to ensure that these indicators are available for Brandenburg and for its sub-regions and industries within Brandenburg and are presented in a user-friendly format. With the exception of LASA’s Skilled Labour Information System, this type of policy information seems only available in published form and not always readily available for sub-regions and clusters that are increasingly the focus of policy. LASA’s Skilled Labour Information System, which is unique in German, might be more useful to local actors if its scope were extended to include other policy related indicators and if it offered interactive data on-line.

The policy information system is most developed for program output indicators which are rich for both labor market and economic development policy. These indicators are (and have to be) based on self-collected generated by program administrative processes and by other information provided by providers. For the ESF operational program there are 18 and for the ERDF-OP 20 output indicators reported, supplemented by rich monitoring data.

Outcome indicators are most developed in the areas of labour market policy. Fifteen such indicators are specified in the OP, of which 9 are self-collected and 5 are based on external data sources. By contrast, based on the information available, the ERDF planning documents of the Economics Ministry are heavily output-oriented and fail to define outcome indicators for the local strategic goals (drivers).

The weakness of the local policy information system developed to meet EU requirements, in spite of the rich data generated, is that it is primarily defined and collected to meet the accountability requirements of the EU and not regional and local needs (“feeding the monster”). Local actors indicate a number of shortcomings in the existing policy information system from a local policy perspective: the time lag for externally provided data from national sources or other ministries, shortcoming in spatial data for localities that are increasingly the focus of policy, the need for improved design of monitoring indicators and the to develop indicators to measure long-term, sustainable outcomes.

Spurred by EU requirements and funding, program evaluation is well developed in Brandenburg and major programs are systematically evaluated by external research institutes using state of the art methods.

How the extensive monitoring data collected in program administration is actually used by the Labour and Economic ministries for real time monitoring of progress toward the policy targets (outputs and outcomes) and how evaluation results feed into the policy process are important questions that cannot be adequately assessed based on a short study visit and the information available.
**Good practice in Brandenburg**

There has been a strong and commendable effort in Brandenburg to pass on greater responsibility for implementing employment and economic development policies to the local or industry levels (“regional budgets” and “business clusters” strategies), which has led to the development of innovative practice in data collection and dissemination to actors at the local level. Noteworthy in particular are LASA’s the internet-based Training Data Bank, which supplies current and comprehensive information on training providers and training opportunities in Brandenburg and Berlin and its Skilled Labour Information System, which provides individuals, service providers and local policy actors with online information in PDF format on trends in employment, demography, education and training and unemployment at a detailed level (sub regions and industries).

5. Literature


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**SPAIN**

**THE CASE OF CANTABRIA REGION**

*by Carlos Díez, INFYDE, Spain*

The following report provides an overview of the information system being used in Cantabria to measure regional economic development policy’s impacts, the initiatives that are acting to stimulate the regional economic key drivers, the description of the regional status of the enablers that constitute the framework where the companies and the society must develop their socio economic activities.

It also provides a reflection about what are some of the strengths and weaknesses of this regional information system and some recommendations about how it would be improved.

The report is based on information gathered during the workshop celebrated in Santander on 16th and 17th October 2008. The workshop was organized by the Economic Development Agency of Cantabria SODERCAN and it was attended by technical staff working in developing the regional information system and also by representative persons from the Regional Government.

1. Territorial development and socio economic challenges of Cantabria Region

Cantabria with 570,000 inhabitants is a coastal region in the north of Spain bordered by mountains to the west & south. Historically the region has had a tendency to maintain incommunication mainly due to geographical reasons. Thus leading to the lack of vial infrastructures needed to connect the region with the rest of the Cantabric regions & central Spain and to the social & cultural idiosyncrasy of the local population focused more on growing step by step cementing quality of life rather than undertaking more risky industrial activities in the region.

During the last three decades Cantabria has experienced a progressive process of socio economic transformation. In this period the Regional and National Governments have faced a strong investment process focused on constructing and improving the key infrastructures aimed at creating the general framework for the adequate development of the socioeconomic activities in the region.

One of the more relevant investments has been the urban regeneration in the eighties of Santander; the beautiful capital of the region. This has greatly improved the tourism attraction effect at national and international level.

Further investments include the construction during the nineties of the regional network of highways which now contribute to facilitate road communications with neighboring regions & the rest of Spain & with Europe.

The encouragement by the Regional Government with the support of the European Regional Development Fund ERDF in the early XXI century has been key in defining & implementing regional economic policies aimed at developing the regional innovation system; opening business mentality to the regional economic actors.
The consistent development of this general regional framework in the favorable international context has contributed to the fact that Cantabria has enjoyed an expansive economic cycle in the period 2001-2007. During this period the regional Gross Domestic Product GDP per capita has grown 2.6% above the Spanish average, reaching 100.9% of the EU-27 average. The structure of this GDP in 2007 has been 2.87% in agriculture, livestock & fishing sector; 31.38% industry & construction sector; 67.64% services & finance sector. All these rates are all very similar to the Spanish averages.

The industry sector is represented by means of the existence in Cantabria of a relatively well developed automotive industry principally made up of multinational companies, locally located factories in the region aimed at operating as tier 2 links in the global automotive added value chain. The construction sector rose from the 7.5% in 2000 to 12.64% of the total regional GDP in 2007, coming in well above the EU-27 rate of 6.5%. This relatively greater importance of the construction sector in the economic structure could appear as a regional weakness which could affect the progression process of the regional cohesive growth in the next few years.

Moreover the service & finance sector is important in the regional economy mainly due to the tourism industry & the presence in Cantabria of local financial entities such as Banco Santander operating in international markets, & also regional commerce and administrative activities.

The relative importance of the construction sector in the regional economic structure; employing lower skilled workers has also constituted one of the factors that have influenced the not so positive evolution of the regional productivity rate, which decreased 0.37% in the 2000-2006 period.

Another key factor affecting this negative evolution of the productivity rate has been a lack of effort by the regional socio economic agents to invest in R&D+I activities. Cantabria invested in R&D+I activities 0.8% of its GDP in 2006 increasing from 0.44% in 2004, below the Spanish (1.2%) and EU-27 (1.84%) averages. The distribution of this expenses is made up of 1/3 private investment and 2/3 public & university investment. Comparing this with the EU-27 balance of R&D+I, the ratio here is the contrary. This lack of investment in advanced knowledge & technology based entrepreneurial projects has had a bearing on the stagnant evolution of the regional productivity in the last few years.

Nevertheless, the regional economic competitiveness has started to improve steadily since 2002 mainly due to the favorable results obtained as a result of successful promotional plans realized by the public sector. Plans such as restructuring the regional innovation system, the assignation of more added value knowledge and technology based innovative activities (public resources intensive) & the incremental participation of the regional economy in international import-export activities supported by the improvement of regional infrastructures.

The labor market has 282,000 active persons, making up around 57% of the regional population; an increase of 13,300 workers in the last five years. 20,000 new jobs have been created. The employment rate has risen from 45.2% in 2001 to 52.9% in 2007 in line with the national employment average. The unemployment rate has decreased to 5.9% in 2007, a figure which constitutes a frictional unemployment rate associated with the time it takes an unemployed worker to find a new job. In Cantabria in 2007, 21.64% of the total working population was made up of graduates. The job market only offered 18.75% employment possibilities to this sector. This shortfall is another important key lack that is influencing clearly in the evolution of the Cantabria’s economy.

2. Cantabria region Governance system

Cantabria is one of the 17 Autonomous Communities of Spain established by the Spanish Constitution of 1978. The article 2 of the Spanish Constitution recognizes and guarantees the right to the autonomy of
all nationalities and regions that integrate the Spanish State. The text of the Constitution and its later legislative developments establish the level of political, social and economic competences that each Autonomous Community has in the European Union framework.

In this context, Cantabria has its own Regional Parliament and its own Regional Government that are the bodies in charge of performing the regional competences in the fields of employment, social affairs, justice, industry, technology development, infrastructures, territory ordination, housing, urbanism, rural development, livestock, fishing, biodiversity, economy, finance, environment, culture, tourism, sports, education and health.

In 2003 the Regional Government of Cantabria elaborated the so called I Governance Plan 2004-2007, & afterwards in 2007 it defined & launched the II Governance Plan 2008-2011 which is being implemented nowadays. The general goal of these Governance Plans has been to boost the employment creation and the modernization of Cantabria by means of fostering the durable and equitable economic development. The strategic vision of these Plans is to put Cantabrian living standards on a par with prosperous European regions.

To achieve this vision & goal of the Governance Plans, eleven operational axes & 275 measures have been implemented. Axes such as R&D+I strategy, investment in human capital, reinforce the social cohesion & quality employment in the labor market.

In order to better monitor the Governance Plan implementation, a Management Scoreboard was designed based on a set of indicators aimed at analyzing the performance & impact of the activities & projects being carried out in the framework of each operational axe.

In this sense, there is a set of indicators focused on reporting about the activities achievement (monitoring indicators), the finance performance (budget indicators), and the impact of the Plan activities to the socio economic reality of Cantabria (impact indicators).

The elaboration of this methodological guide is aimed at supporting the regional socio economic agents to identify the direct and indirect sources for gathering information related each indicator, and at indicating that the Statistics Institute of Cantabria ICANE will be the responsible body for doing the assessment of the axes & measurements in co-operation with other regional public administration bodies, such as regional Ministries, regional General Directions, & other public autonomous organisms.

3. Key drivers fostering Cantabria region transformation

Five initiatives were selected to explain the Cantabria’s region socio economic evolution in the early XXI century. The performance of these initiatives acts as regional key drivers. This report provides an overview of these selected initiatives, describing their objectives, main activities carried out, results and impacts achieved & problems they have had to face.

3.1. R&D+I Regional Plan 2006-2010

The Government of Cantabria has launched the R&D+I Regional Plan 2006-2010 whose aim consists on structuring & supporting Regional Government actions focusing on positioning Cantabria in the Knowledge Economy & allowing it to converge with the richest and more prosperous regions of Europe.

The R&D+I Regional Plan 2006-2010 was defined as one of the twelve strategic axes of the I Governance Plan 2004-2007 and has also continuation as an axe in the II Governance Plan 2008-2011. The strategic objectives of this R&D+I Regional Plan 2006-2010 are the following:
1. Consolidation in the region science and technology international poles in areas of future interest for Cantabria.

2. Foster the added value generation process in regional industry.

3. Encourage the networking articulation of the Regional R&D+I system

4. Boost the knowledge transfer process from the regional science and technology system to companies.

5. Develop the innovation capacity of the regional socio economic agents.

In order to manage this Plan, the Regional Government created the Society for the Development R&D+I in Cantabria. This body is in charge of the definition and co-ordination of the programmes, the management of the calls, and advice to the Regional Government in the field of R&D+I policies.

R&D+I Regional Plan 2006-2010 has a monitoring system & also a set of indicators aimed at assessing the evolution of Cantabria & establishing quantitative objectives for the development of the regional R&D+I until 2010.

The R&D+I Regional Plan is focused on promoting the valorization and development of the following regional key drivers:

- Knowledge creation by means of stimulating co-operation between the University and the economic tissue
- Investment in R&D+i
- Rationalization of the policies & strategies implemented by the regional innovation system agents
- Internationalization of high added value technology based industrial activities
- Integration of regional agents in national and international knowledge development networks
- Strengthen the regional base of advanced services companies

3.2. EQUALCREA

EQUALCREA is a project financed by the European Social Fund under the Community Initiative EQUAL that is aimed at promoting enterprise creation & supporting entrepreneurs.

Its final purpose consists of opening the process of businesses creation, relocated in good ideas business, creativity of young people, immigrants, long-term unemployed, workers over 45, ethnic minorities & women.

EQUALCREA defined and implemented regional tools for business creation and employment in rural and urban areas, through an integrated model of enterprise development with a strong presence throughout the territory.

The fields of activities of EQUALCREA have been the environmental sector enterprises (protecting natural areas, waste management, alternative energies), cultural and leisure services companies (audiovisual, cultural heritage, sustainable tourism), rural areas located enterprises (agro industrial, craft
industries, beekeeping, green agriculture and livestock Green), new technology enterprises (monitoring systems, electronic systems, electronic identification), and third Sector Companies (child and aged care, home delivery).

The key drivers in EQUALCREA initiative have been:

- *Technical training for entrepreneurs*
- *Improvement in the quality of the employment generated by the new companies created & start ups*
- *Innovative grants focused on financing technology based innovative entrepreneurial projects*
- *Generation of high added value jobs for the better qualified regional human capital*

### 3.3. EMPRECAN

EMPRECAN is a service provided by the Regional Economic Development Agency SODERCAN aimed at fostering business creation at regional level.

Its main objectives consist of stimulating the entrepreneurship culture in Cantabria, advising entrepreneurs in the business creation process, promoting specific actions focused the creation of technology based companies, supporting & consolidating the new regional businesses & providing finance to new start ups.

EMPRECAN also work on the identification of international investors & business investment projects with the aim of presenting the attractiveness of Cantabria to competitive businesses, & support for investors in the feasibility analysis of their investment projects.

The services that EMPRECAN provides to the new entrepreneurial projects in the region are advice in the elaboration of feasibility analysis, technical advice in the elaboration of business plan & market studies, entrepreneurial training, & other specific grants focused on strengthening new business management and finance.

EMPRECAN works on activating and improving the following key drivers:

- *Business incubation*
- *Services and advise to entrepreneurs*
- *Innovative finance schemes oriented to innovative start ups*
- *Promote the entrepreneurial culture*

### 3.4. ESTER

In a small region like Cantabria, with limited scientific and technological resources, the programme ESTER is designed to improve the ability to produce policies that strengthen the technological capability required for new technologies to develop and flourish in sectors with major growth potential, thereby helping to increase global competitiveness in the Community of Cantabria.
ESTER contributes to putting policies to the test through two pilot experiences, one in an existing sector and the other in an emerging one.

First, magnesium casting technology in the ancillary automotive industry, which helps to consolidate and improve the experience accumulated and the currently operative technological infrastructure, such as the Components Technology Centre (CTC).

The other involves the biotechnology industry promoting the region’s strengths in knowledge & human capital based resources at the Marqués of Valdecilla University Hospital (HUMV) & the University of Cantabria.

The lessons learnt while fostering these two policies have been used to improve the regional capacity in the use of structural funds in regional competitiveness policies.

The ultimate aim of ESTER is to develop economic policy instruments that facilitate the development of new technological capabilities in a small region with scarce R&D supply resources, for which the region has to maximize its internal resources & build a cooperation and experience exchange network on national and international level.

These objectives of ESTER form part of the SODERCAN global innovation policy strategy and of the Cantabrian Regional R&D+I plan. Furthermore, ESTER is in line with the spirit of the regional innovation strategy, acting as a style of laboratory for “border-line” ideas.

ESTER develops activities aimed at promoting the creation & development of clusters, supporting research activities in the regional automotive sector, and stimulating the generation of biotechnology entrepreneurial activities in the region.

ESTER works on activating & improving the following key drivers:

- **Activation of cluster dynamics**
- **Promotion of emerging sectors in Cantabria**
- **Introduction of the innovation culture in traditional industrial sectors**

### 4. Enablers contributing to Cantabria region transformation

In this chapter we concentrate on the identification & analysis of the enablers that contribute to the activation of regional socio economic development. These enablers are to some extent intangible factors & as such not so easy to measure. Some reflections that have contributed to create an idea of the existing institutional and social capacities that configure the regional general environment for running businesses are presented.

#### 4.1. Leadership

There are some leaders in the public sector (University, Regional Government, high prestige politicians, scientists, etc) & also in the private sector (Bankers, entrepreneurs, sportsmen, writers, etc.).

In general, it is possible to say that the regional leaders are very focused on being the best in their professional, cultural and social fields. They are good representatives of the region in the larger world, but there is a lack of a common regional strategic vision, a vision that would provide these leaders a common content & motivation to sell the brand “Cantabria” in the world.
It appears as if the regional actors don’t mind not having a consensus about the regional vision that identifies the key factors contributing to the socio economic development of Cantabria. In this context, it is difficult to organize the efforts of the regional leaders in boosting the image and presence of Cantabria at national and international level.

This lack of a defined regional vision appears to be contradictory with the existence of a strong identity with the city of Santander, the capital of the region. This identity is more developed at social level being displayed as a feeling of belonging to the capital city rather than an economic one. A more professional and strategic approach of what a vision must be is needed for running businesses.

4.2. Social Capital

In the region there are very potent agents such as the Chamber of Commerce, Industry & Navigation of Cantabria, the Confederation of Regional Companies CEOE, & the Regional Association of SMEs. The work for involving regional actors in the socio economic policies definition process is done within these local social bodies.

There is not a strong “social economy” that operates as a “third sector”. There are some cooperatives developing agriculture, fishing & livestock businesses in the rural and coastal areas.

Nevertheless, there is a very strong public sector in the region mainly made up of the Regional and National Administration, the Public University, & the Hospital Marques de Valdecilla. The latter being an important Health Institution for whole of Spain in some medical specializations such as heart disease & surgery.

This contributes to explaining the important contribution of the public sector to the R&D+I investment figures in the region.

4.3. Partnership

In this framework there are some factors that affect the partnership culture in the region. One of them is that the decision centers of the more important companies are located outside the region. This makes it difficult for the University and the public sector to meet with company directors with a view to establishing possible partnerships for defining and launching innovative projects.

Another factor is that Cantabria is a very small region and it is very difficult to design & implement sectorial policies due to the lack of critical mass of companies and sectorial agents.

Finally, it has been observed that University researchers are more oriented to the development of basic research projects allowing them to strengthen their academic career rather than participate as partners in applied research projects with small & medium sized companies.

This diversion from their academic priority activities does not provide them with relevant economic and knowledge returns.

In spite of this, there is a positive concert culture in the field of labor market policies, based on a substantive partnership commitment with the consensus process for defining and implementing employment & training policies by means of the so called “Social Dialogue”.

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5. Indicators system

At what level are the drivers & enablers described in the previous chapters measured? An adequate way by means of using a set of objective, realistic, easily handled, & feasibly feed set of indicators regularly accessible for the socio economic regional agents and companies are needed.

In Cantabria there is a Regional Statistic Institute ICANE which is the regional public body created in 2004 in charge of production and diffusion of the statistics related with all socio economic aspects of Cantabria.

The methodology of ICANE is very similar and in a lot of cases almost the same as the the National Statistic Institute INE, which organises all the State socio economic information by regions. Both methodologies are harmonized with the one from EUROSTAT.

Moreover, SODERCAN has a database compiling all the information coming from the work with the companies at regional level. This database provides basic information to the policy makers about the general addresses of the companies, useful for defining geographical information & technical services. But it does not provide publicly available information to the regional society about some strategic indicators such as the figures on the realistic private investments in R&D+I, the level of co-operation of the companies with other regional innovation & economic agents, or the industrial and economic needs that the private sector has.

In this context, SODERCAN is working on realizing a survey of the most relevant 500 companies located in Cantabria oriented to building a micro data landscape that describes how the day by day economy within the regional companies is.

6. Learning points

The set of indicators established in the II Governance Plan 2008-2011 is very extensive & detailed providing coverures to all the strategies of each axe, but this wide Scoreboard is not well taken into account by the Statistics Institute of Cantabria ICANE for elaborating its periodic reports & statistics. Moreover, some of the indicators established in the Plan are difficult to measure because there are not direct public or private information sources available for collecting feasible information required to compile them.

In this sense, the existence of the very detailed battery of indicators gathered in the Plan is not useful for the clear picture about what is going on the socio economic reality due to impossibility of collecting periodically measurable information from the ground.

Besides, there is not a proactive information system aimed at facilitating the regional socio economic actors the access to completely feasible information related the performance of the II Governance Plan 2008-2011 indicators. This situation has happened because the Statistics Institute of Cantabria ICANE apparently does not consider the strategic objective of feeding in a systematic way the set of indicators of the II Governance Plan 2008-2011 and diffuse it widely and periodically in an easy manageable form for all the regional companies and agents.

In this sense, there is a lack of coherence between the system defined to measure the achievements & impact on the regional socio economic development of the II Governance Plan 2008-2011, & the Statistics elaborated & published by ICANE. To address this question, the Governance Plan should define a shorter list of indicators that would contribute to facilitate the work of measuring and processing & also would allow the elaboration of better diagnostics focused on presenting clearer evidence & conclusions to the
society & economic agents related to what has been the regional evolution and transformation throughout the years.

In this small region the agents are very near the ground and they think they know the socio economic needs. Perhaps because of this, they think it is not necessary to design a system for collecting information from the ground and managing it with the aim of better analyzing, giving support in the decision making process. As a consequence, the local & regional agents don’t have a regularly available adequate set of indicators that would allow them to study and to rewrite socio economic development stories on the basis of the intelligent analysis of the objective data.

7. References

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OECD LEED Entrepreneurship and Local Innovation Systems Reviews. The case of Cantabria. 2008
R&D+I Regional Plan 2006-2010. 2006

Webs visited during the realization of the work:

European Statistic Institute EUROESTAT: www.ec.europa.eu/eurostat
National Statistic Institute INE: www.ine.es
Regional Statistic Institute ICANE: www.icane.es
SODERCAN: www.sodercan.es
1. Introduction

1.1. The FIELD Project

The Organisation for Economic Co-operation and Development (OECD) is aiming to create a Framework for Information Exchange in Local Development (FIELD). The FIELD is intended to be a tool that local development organisations can use in order to collect, exchange and learn from local development information for their own area, and other areas.

The FIELD project is drawing upon 12 local development organisations, comprising six OECD member countries and six observers from new European Union member states. Once the methodology is developed, it is intended to be rolled out more widely.

1.2. The Mission to Manchester

The OECD mission to Manchester took place on 11th September 2008. The overall structure of the day was similar to the other OECD FIELD missions, focusing on:

- performance outcomes: how is your locality performing;
- measuring local development drivers;
- capacity mapping; and
- building policy instruments that work across regions.

Throughout the course of the mission, partners were consulted on their views and experiences. The mission drew on people from the following organisations:

- AGMA - the Association of Greater Manchester Authorities;
- Bolton Metropolitan Borough Council
- Manchester Enterprises; and
- the University of Manchester Business School.
The OECD extends its thanks to Manchester Enterprise and others for hosting the mission and providing their expertise, and for their continued support of the FIELD project.

1.3. Manchester: Structural and Local Policy Context

Greater Manchester now has around 2.6 million people living within its boundaries, with another 7 million in the wider region and a further 11 million living within 50 miles of the City of Manchester. Greater Manchester is the largest sub-regional economy outside London. (Source: http://www.agma.gov.uk/ccm/navigation/agma-membership/)

Figure A. Greater Manchester

The Greater Manchester metropolitan area lies within the North West of England (above, left). As a city centre encompassing its surrounding centres and suburbs, Greater Manchester was organised into ten separate local authorities as part of boundary adjustment in 1974. The ten authorities (above, right) are:

- Bolton Metropolitan Borough Council;
- Bury Metropolitan Borough Council;
- Manchester City Council;
- Oldham Metropolitan Borough Council;
- Rochdale Metropolitan Borough Council;
- Salford City Council;
- Stockport Metropolitan Borough Council;
- Tameside Metropolitan Borough Council;
- Trafford Metropolitan Borough Council; and
- Wigan Metropolitan Borough Council.
Within the United Kingdom local authority structure, each of the Greater Manchester local authorities are ‘unitary authorities’ - in effect single-tier local government entities combining the responsibilities of a ‘district’ and a ‘county’ authority. Typical responsibilities of a unitary authority include:

- business and economic development,
- housing policy and social provision (usually contracted to dedicated providers),
- social services (welfare),
- environmental health (wellbeing and conformity),
- land use planning and policy (spatial policy and control of development),
- education and learning (excluding mainstream schooling),
- local leisure, tourism and culture; and
- regeneration.

Areas such as policing, fire safety and healthcare are usually handled by other relevant bodies at differing geographic scales. For Greater Manchester, transport and strategic policy and implementation is led by the Greater Manchester Passenger Transport Authority (policy and planning) and the Greater Manchester Passenger Transport Executive (management and implementation of public transport).

Collectively, the Greater Manchester authorities and other partners have pooled resources to create, support and work alongside a number of ‘over-arching’ bodies with particular area of policy focus. Examples include:

- AGMA – the Association of Greater Manchester Authorities
- MIDAS – Manchester’s Inward Investment Agency
- ME – Manchester Enterprise
- Marketing Manchester
- Manchester: Knowledge Capital

Considerable policy-making, implementation and scrutiny work is undertaken at a regional level. Relevant bodies include the North West Regional Development Agency (NWDA), the Government Office for the North West (GONW), and the North West Regional Planning Body (NWRPB).

There is also evidence of significant cross-working between the bodies outlined above and regional elements of national policy-makers and delivery bodies such the Learning and Skills Council, and Job Centre Plus.
2. Local Development Information in Manchester

2.1. Introduction

Part of the purpose of the mission to Manchester was to identify the way(s) in which local development information is used. This section identifies the main local policy documents that exist within the study area, and for each of these the sorts of data and/or indicators that are included. This is then developed by examining the potential indicators which might be used in a ‘dashboard of indicators’. The purpose of a dashboard of indicators is to provide a slimmed-down version of the data used in policy to provide an illustrative summary of the time period being examined.

2.2. Inventory of Local Policy Instruments

Within this section a number of the main local policy documents, and/or the organisations that prepare them, are outlined and examined in the context of the level and use of local development information. It is not intended to be an exhaustive list, and should be read in conjunction with the ‘Information Fiche for FIELD Participant Authorities’ completed for the Manchester study are by Manchester Enterprises, and provided as Section 4 of this report.

This section does not cover the numerous national-level government policies and plans.

2.2.1. The Manchester Multi-Area Agreement

Agreed in June 2008, as part of the first wave of multi-area agreements within England, the Manchester Multi-Area Agreement (MAA) is a partnership between the ten Greater Manchester authorities made ‘on behalf of the communities of Greater Manchester, our people, businesses, voluntary and community organisations’.

The MMA provides a commentary of baseline conditions in the city region, supplemented with selected data examples. It identifies the ‘drivers and blockers of growth’.

The MAA identifies ten key performance indicators (KPIs) as a mechanism to track the progress of the MAA, which are:

- Total annual real Gross Value Added (GVA) output (£);
- GVA per hour worked (£);
- Total employment (numbers of employees);
- Overall employment rate (% working age population);
- Working age people on out of work benefits in worst performing neighbourhoods (% working age population);
- Proportion of adults qualified to Level 2 or higher (% of adult population);
- Proportion of adults qualified to Level 4 or higher (% of adult population);
- Stock of VAT registered companies (numbers of firms);
• Percentage of non-car morning peak journeys to the regional centre (% of total); and
• Net additional homes provided (units).

Whilst it is too soon to evaluate the effectiveness or strengths and weaknesses of the MAA, Manchester Enterprises are confident that the KPIs selected are measurable and accurate. The only possible exception to this is the normal (and nationwide) issues around the accurate estimation of GVA – there is often significant variation between estimated levels and eventual recorded ‘outturn’ levels, and both measures are based on a sample. The inclusion of a climate change KPI was rejected on the grounds of unreliable data at this stage.

The KPIs are accompanied by a range of scenarios, to provide adequate contextualisation for the eventual level of outputs. These KPIs, are in turn, linked to both national targets and the ‘building blocks’ identified and to be further contextualised by the Greater Manchester Strategic Plan.

2.2.2. The Greater Manchester Strategic Plan

Billed as the first ‘building block’ of the Manchester Multi-Area Agreement, the Greater Manchester Strategic Plan (GMSP) once fully developed will provide a framework for the other building blocks, which are:

• Reducing worklessness (unemployment and inactivity);
• Strengthening the skills offer and human capital;
• Encouraging business expansion, entrepreneurship and SME development to generate growth;
• Attracting and enhancing inward investment, knowledge and innovation;
• Developing infrastructure to ensure the sustained growth of the city region;
• Achieving more by targeting aspirations and abilities of young people (aged 14-19); and
• Helping reverse the imbalance between housing supply and demand to meet the housing needs of a competitive city region.

The GMSP will be delivered by seven thematic strategic commissions. Since delivery has not yet begun it is not possible to comment on the effectiveness of the process and any outputs from it.

More detail on the role of the GMSP in addressing these is provided within section 6 of the information fiche, provided within section 4 of this report.

2.2.3. The Greater Manchester Forecasting Model

The Greater Manchester Forecasting Model (GMFM) was developed by Oxford Economics (OEF) and was first released in 2005. The GMFM is a sector driven model used to generate forecasts, and is not a stand-alone model but based on numerous data inputs including a range of national and more local statistics from the city region.
The main strength of the GMFM is that it is an integrated model that includes and combines employment, demographic and housing data and forecasts. It can forecast up to 2026 on a ‘policy neutral’ (and unconstrained) basis. The range of data within the model covers:

- **Demography**
  - Population
  - Migration
  - Births and deaths
  - Natural increase

- **Labour market**
  - Employee jobs
  - Self-employed jobs
  - Total employment
  - Resident employment
  - Net commuting
  - Unemployment
  - Occupations
  - Skills

- **Economy**
  - GVA
  - Relative productivity
  - Average earnings
  - Consumer expenditure
  - Household income

- **Housing**
  - House prices
  - Housing stock
  - Households

The model has not been described as particularly user friendly, although the outputs are in spreadsheet format and are easily manipulated. The model, like most nationally-based econometric models which disaggregate to a local level, is susceptible to the effect of wider macroeconomic trends, although model controls can limit the effect this has. Manchester Enterprises advise that they help in this regard, supplying some ‘bottom up’ data inputs into the “accelerated growth scenario”. They also felt that the model currently handles productivity badly, but this is being worked on and outputs are given an enriched narrative until the new model is rolled out.

The current version of the GMFM is still quite ‘shift-share’ based, and a review is currently underway to move from this towards a more ‘input-output’ model. The revised version of the model is expected in late 2009.

2.2.4. Manchester Enterprises

Manchester Enterprises (ME) – Greater Manchester’s economic development and inward investment agency – are responsible for compiling and using a great deal of local development information. ME have around ten staff involved in gathering, checking, managing, analysing and reporting on data trends for the Greater Manchester city region.
Historically, some of these function overlapped those of the Greater Manchester Research Unit, which was (until it was wound up in 2004) the strategic research and information service of the Association of Greater Manchester Authorities (AGMA), although residing within Oldham Borough Council. The research unit published periodical statistical releases for a more general audience, in contrast with the applied approach of ME. As a result of this applied approach, ME has considerable policy influence both in servicing its member authorities and organisations and in producing and commissioning its own works. Recent policy outputs include:

- The Economic Impact of Climate Change
- Greater Manchester Skills Analysis and Priorities
- The Rural Development Programme for England Greater Manchester Implementation Plan
- The Greater Manchester City Strategy Business Plan
- The City Region Development Plan 2006
- The Greater Manchester Economic Development Plan 2004/05 – 2006/07

Key economic sector profiles, including:
- Aviation (including Manchester Airport)
- Construction
- Creative / Digital / New Media
- Customer Contact Centres
- Education
- Environmental Technologies
- Financial and Professional Services
- Hospitality and Tourism
- ICT Digital / Communications
- Life Science Industries
- Logistics
- Manufacturing
- Public Sector
- Retail
- Sport

Key geographic profiles, covering Greater Manchester as a whole, and separate profiles for each of the ten local authorities.

2.2.5. Manchester City Region Development Programme 2006

Within the context of the ‘Northern Way’ regeneration initiative (involving the three northernmost English regions and trying to reduce the gap in GVA between this regions and the rest of the UK), the Manchester City Region Development Programme (MCRDP) sets out the vision for the city region and actions required to fulfil that vision. This is placed in the context of the main growth ‘poles’ or focus sectors of the economy:

- Manchester Airport;
- Financial and professional services;
- Life science industries;
- Creative / digital / new media sectors;
- Manufacturing; and
- ICT Digital / communications.

The framework for these is provided through the use of GVA as the measure by which partners assess economic performance. The drivers of GVA growth are identified as:

- Productivity growth – aiming to produce more using existing resources (sometimes referred to as ‘smart growth’, although smart growth also has spatial development connotations);
- Growing demand / markets – aiming to bring about an increase production in response to an increase in demand;
- Growing the labour force – aiming to have more people contributing to economic wellbeing;
- Conditions for sustainable growth – as a basis for providing an environment for long-term business and economic prosperity, including infrastructure, housing, regeneration and transport.

The GVA framework is provided and explored further within the ‘dashboard of indicators’ section below (see section 2.3.3). This framework seems clear, is in accord with the strategic policy documents above it, and whilst focused on GVA, also looks beyond purely monetary factors to include areas such as exclusion and regeneration.

2.2.6. The Manchester Independent Economic Review (MIER)

Designed as a fundamental and critical rebuilding of the ‘data landscape’, the aim of the MIER is to provide high-quality evidence-based research to inform future policy-making. In particular it will input into the upcoming GMSP, and the next iteration of the Regional Economic Strategy (RES).

The MIER was initiated and is managed by ME (as the accountable body) but it is ‘owned’ by an independent review board which in turn is funded by many numerous bodies within the Greater Manchester ‘family’ and with significant backing from the NWRDA. Politically, partners knew at the outset that the MIER was to be independent, and ME appear encouraged that partners have bought in to the value of this. ME also appear confident in the quality of the work undertaken so far.

Following a ‘call for evidence’ and a series of workshops, the MIER will be published and made available to partner organisations. The knowledge from this will then be used in forthcoming strategies, ensuring that they all share a common baseline.

Whilst the MIER includes a wide range of existing and published data, it is also producing new data and talking to the private sector to ensure that this data has resonance with its target audience.

The MIER aims to report and conclude by the end of 2008. For further information see http://www.manchester-review.org.uk/.
2.2.7. Regional Policy

Although the majority of the research gathered for the FIELD project is locally managed through a government principle of subsidiarity, there is also a reverse hierarchy over over-arching regional policy work, which sub-regional policy is bound to align with. In reality, this is a much more flexible arrangement, with sub-regional intelligence being used to inform regional policy and vice versa.

Regional Economic Strategy

All regions in England are required to produce a Regional Economic Strategy (RES). The latest version of the RES was published in 2006, and contained a number of similar themes to the MCRDP – with both ‘improving productivity & growing the market’ and ‘growing the size and capability of the workforce’ leading to ‘conditions for sustainable growth’. The overlap and synergies between policies is deliberate and in much the same way that the MIER intends to provide a common evidence base, so Manchester appears to have a common set of policy goals.

The RES has eight KPIs, with associated targets for 2009. These are:

- **GVA growth:** Achieve growth in economic output above the average for England.
- **Job creation:** Create 150,000 new jobs, 80,000 of which should be in knowledge-based occupations.
- **Company formation:** Raise the company formation rate to 21,000 per year.
- **No qualifications:** Reduce the number of people with no qualifications by 80,000 and ensure that no district has more than 29% of people with no qualifications.
- **Graduate qualifications:** Increase the number of graduates in the workforce by 120,000.
- **Employment rate:** Increase the number of people in the workforce by 83,000 and ensure no district has an employment rate lower than 68%.
- **Deprivation:** Reduce the number of areas which are categorised in the worst 5% nationally in terms of deprivation.
- **CO2 emissions:** Reduce CO2 emissions per £ of economic output


Regional Spatial Strategy

As the Regional Planning Body (RPB) the Government Office for the North West is responsible for working with regional partners to produce a Regional Spatial Strategy (RSS). Adopted in September 2008, and covering the period up to 2021, the RSS provides the framework for development at a regional level. Local plan-making must be in conformity with the RSS, and in turn the RSS complements national policy statements.
The RSS has broad policy objectives under the headings of working, living, transport and the environment. For the city region, there is a specific section of the RSS covering Manchester on a broadly comparable basis – the area being the ten local authorities of AGMA plus East Cheshire and Warrington.

**Regional Observatories**

All regions in England have regional observatories – entities set up with a view to being a regional-level source of data intelligence and a resource for the region to utilise in preparing the evidence to inform policy-making. As well as being experts in national-level data, they are also able to collect new data and to provide briefings as required.

In the North-West, the regional observatory is the Regional Intelligence Unit (RIU) (http://www.nwriu.co.uk/). Working chiefly for and with the Regional Development Agency, examples of the data it uses include:

- Office of National Statistics
  - “Region in Figures” releases
  - Sub-regional GVA
  - NOMIS (National Online Manpower Information System) labour market profiling
  - BERR (the Department for Business, Enterprise & Regulatory Reform) business competitiveness indicators:
    - Claimant count
    - Deprivation
    - Earnings
    - Employment
    - Formation rates
    - GVA/GDP
    - Qualification
    - Survival Rates
    - Unemployment
- CLG (Department for Communities and Local Government) survey of English housing (sub-regional results)
- Greater Manchester Social Enterprise Survey
- Benchmarking employment in the creative and cultural industries
- Audit Commission area profiles

Some of this data is national, some regional and some city region-specific. There is clearly an element of overlap with the work carried out by organisations such as ME, although the response by ME to this is that the work carried out at regional level or sub-regional level tends to be work boosting existing surveys, or work contributing towards sub-regional work being carried out nationwide. In other words, most research is about the region but not specifically designed for the region.

As well as the RIU, there are a number of other topic-specific observatories, including the North West Public Health Observatory, the North West Dental Observatory and the North West Cultural Observatory.
These are obviously much more specialised in their focus and of varying interest to local development issues.

2.2.8. Sub-Regional Policy

Local Authority Intelligence Gathering

From the OECD visit to Manchester, it is clear that all of the local authorities within the ‘Manchester family’ have their own data collection and analysis teams, with varying levels of resources.

In this context, ME is working to further embed their shared data model amongst those local authorities to enhance what is already undertaken and to ensure consistency in much the same way as should be delivered by the MIER. Currently, ME have their own GIS database, which pulls in national statistics and locally collected data such as ‘small island’ maps produced by individual LAs. In this way, it can act as both a repository and resource for local authorities.

Local Development Frameworks (LDFs)

In the same way that the RSS provides the basis for spatial development policy at a regional level, so Local Development Frameworks (LDFs) provide the local authority-level basis for guiding local development.

A LDF comprises a Local Development Scheme which programmes the LDF production, a Statement of Community Involvement which explains public participation in the LDF process, a Core Strategy of polices, a Site Specific Allocations document highlighting how the Core Strategy might be realised on the ground, and may include a number of additional Supplementary Planning Documents on themes most appropriate to the area covered by the LDF.

Local authorities are obligated to monitor the progress of LDF delivery. This is done through an Annual Monitoring Report (AMR). As the LDF is being prepared it will comment on the progress with preparation, but once the LDF is in place it will monitor the effectiveness of the LDF in delivering outcomes. AMRs include a number of national core output indicators and local authorities are encouraged to supplement this with appropriate local (output) indicators. In turn, these can be supplemented further with contextual indicators which might not monitor specific policies but the overall success of the LDF.

2.3. Moving Towards a Dashboard of Indicators

This section considers the issues around establishing a dashboard of indicators for local development. The previous section has highlighted a wide range of policy instruments, each with their own set of indicators and performance measures. This is explored further here in the context of the GVA Growth Framework, which ME pointed to as the most feasible set of indicator ‘themes’ that have the greatest read-across with existing policy instruments.

2.3.1. Challenges for Collecting Data to Measure Performance

In the Manchester city region, not uncommon with other areas, monitoring policy performance is predominantly concerned with picking apart outputs from programme delivery, and measuring these outcomes against target levels, as distinct from macroeconomic trends, to try and gain an insight into both the gross and net policy effect. In the face of the global ‘credit crunch’ this net effect is likely to become increasingly important since gross effects may still be negative, but in net terms could represent a drop in the ‘expected decline’.
When asked about specific challenges for measuring performance, ME identified the following aspects as being significant:

- measuring regional prices has proven very difficult, since they would like to measure it they are trying to work out a means using an ‘inflation basket’ approach;

- current data on inward investment (both Foreign Direct Investment (FDI) and internal investment from within the UK into the North West) is of dubious quality and often based on a number of anecdotal sources such as newspaper reports. They have found this particularly hard to measure as a complete city-region. ME are considering using data on the parentage of companies as a possible approach, and looking at potentially comparing MIDAS data with local authority business rates data, but it is unclear how feasible this might be;

- measuring job sustainability (the length of time between jobs, the effect on benefits etc) has proven challenging. The Department for Work and Pensions are doing a longitudinal survey which could help, but the results are complex and not readily available;

- policy makers are increasingly asking ME for data about CO₂ emissions. Whilst the Department for the Environment, Food and Rural Affairs has attempted to measure this, the data is as yet unproven. ME feel there may be scope for including this within the GMFM; and

- there is currently no robust and reliable way of measuring ‘innovation’ which, given the current policy objectives, is likely to become increasingly important.

2.3.2. The GVA Growth Framework

Given the range of policies outlined above, over time it has become apparent that there are considerable benefits in tying together policies, priorities and indicators. The best example is the direct read across between the RES and the MCRDP. The MIER will hopefully consolidate attempts at unifying the evidence base, and will also provide the data for the corresponding monitoring of policies derived from that evidence base.

In terms of the extent of locally collected data and indicators there is a significant dependence on national level data. This is to unique to Manchester, but a function of the way in which statistics are gathered and managed within England. The Office for National Statistics datasets form the principal source for most evidence gathering. This is in part due to the level of comparison that is possible, but also a function of the quality and consistency of the data – numerous checks and (as necessary) adjustments are made to datasets and data series are the subject of periodic quality reviews.

The MCRDP outlines a GVA Growth Framework (see section 2.2.5 above) as the most appropriate themes for inclusion within a ‘dashboard’ of local development indicators – based on both policy priorities and data availability and quality.

A summary of the GVA Growth Framework from the MCRDP is provided below:
Figure B. GVA Growth Framework
The framework looks at each of the drivers of growth identified (the ‘left column’ – productivity growth, growing demand/markets etc), and for each of these breaks this down further into the affected topic areas. From a dashboard perspective, it is this ‘middle column’ that needed to be ‘displayed’ by any dashboard. The remainder of this section takes each of the four drivers of GVA growth and lists the data sources that are currently used for each driver, and that might feature in a dashboard of local development indicators.

2.3.2.1. Productivity growth

- Lists of training courses delivered and to whom, chiefly using Learning and Skills Council and Department for Education and Skills (DfES) data.
- Labour Force Survey data, matching training to standard occupational classification codes.
- Business start ups is measure by value-added tax (VAT) registrations (and deregistrations) and also provides a sectoral split. Note that a company is only required to register for VAT once its annual turnover exceeds a set threshold (currently £67,000 per annum). This threshold can mask (or at least create a ‘lag’ in the data) for smaller (or slower) start ups. Further, the VAT threshold operates principally for fiscal (and not statistical) purposes, and so the level has been historically changed periodically – affecting longitudinal analysis, although adjustments are possible.
- Some information on banking records are available for investment or access to finance.
- MIDAS collects and holds data on foreign and indigenous (native) investment.
- For science and innovation, NESTA (the National Endowment for Science, Technology and the Arts) holds a number of datasets, including a national innovation index/dashboard.
- The STEAM ((Scarborough Tourism Economic Activity Monitor) model, which includes a number of other datasets, provides some idea of competition levels and tourism spend.

2.3.2.2. Growing demand/markets (growing the economy)

Draws upon traditional economic datasets collated at the national level, such as

- Annual Business Inquiry
- Annual Population Survey (data elements formerly contained within the Labour Force Survey)
- NOMIS benefits data
- Department for Work and Pensions (DWP) data
2.3.2.3. Growing the labour force

- Job Centre Plus collect some data locally, e.g. in the case of claimants – this data goes up to national level and then comes back.
- Migration data (national and international), with links to National Insurance numbers and National Health Service (NHS) data.
- Adult advancement careers service data
- ME are looking also at establishing measures of effective density in the labour market, and measuring access to workplaces (possibly using ‘agglomeration centroids’ such as sub-sets of travel to work areas (TTWAs)).

2.3.2.4. Conditions for sustainable growth

Split to cover infrastructure, housing, regeneration and transport this section has particularly diverse data sources. In each case they are principally derived from either/both the relevant Government Department, or from the incumbent local operator. From the perspective of local development the data is used to link each topic to employment, i.e. for transport, can that person get to that place etc.

- Greater Manchester Passenger Transport Agency (GMPTA) data
- DfT (private and public) transport models
- Arterial in/out flows to/from Greater Manchester
- Council Tax bands for housing
- Local authority and Registered Social Landlord (RSL) survey of housing quality and conditions
- Local authority housing delivery (consents), and completions
- Census data (although increasingly outdated and overtaken by local authority information)
- Assessment for future employment sites – employment land reviews carried out by local authorities take into account infrastructure
- The GMFM
- The MMAA indictors, which cover a range of areas (beyond purely measuring GVA) and are equally weighted.
- Some micro data – funded by the Economic and Social Research Council (ESRC) and available through the Centre for Spatial Economic Research. In particular, looking at new business data to get ‘under the skin’ of the current data – it is hoped that the MIER can develop this further locally.
2.4. Concluding Remarks

A considerable suite of policies exist, operating a differing spatial levels and covering a range of topic areas, but with increasing emphasis on alignment. This is reflected in current data needs – which also appear aligned on the principle of identifying growth and polarisation trends – with policy aiming to maximise growth and minimise polarisation.

Clearly, there is evidence of a strong reliance on National Statistics from the ONS. However, a lot of such data is available at a suitably fine geography (‘Lower Super Output Area’ being the lowest for most datasets – an area equivalent to an average of 1,500 people). Indeed the Neighbour Statistics wing of the ONS has a number of configurable geographies that that data can be drawn for local authority areas, education authority areas, health authority areas, and civil parishes (where they exist).

There is also evidence of good use of both internal and external resources. Internally, organisations such as ME present a shared skills base to ‘service’ its members, whilst the GMFM and the MIER highlight the important role played by external expertise. There is some evidence of duplication and fragmentation – but with no political will to merge local authorities and will efforts to develop links between topic networks and working groups this is not to be unexpected. ME identified an overarching challenge is to find a balance investment and resources in relation to data gathering and indicators.

This must clearly be commensurate with the importance placed in delivering programmes and policies, and is also reflected in the keenness of the Manchester ‘family’ to work on a shared methodology for this with the OCED.

3. Applying the Conceptual Framework to Manchester

3.1. Introduction

Whilst the OECD will be collating information of the six FIELD study areas (Bilbao, Brandenburg, Copenhagen, Lille, Manchester, and Trento), this section is aimed a providing some useful material to input into the overall report which will try to apply the FIELD conceptual framework to the study areas in aggregate.

The FIELD conceptual framework is provided below:
The remainder of this sector takes each element in turn and provides some supplementary information (in addition to the previous section outlining the role and effectiveness of local development information in Manchester) which may be useful in piecing each study area together into an overall framework.

3.2. Legacy (History)

Manchester’s ascension to become England’s unofficial ‘second city’ can be traced back to its importance in the early rise of mass production in the United Kingdom, predating the Industrial Revolution. Initial growth was driven by the textile industry, in particular wool and weaving, and later by cotton production and processing. This growth was enhanced by infrastructure improvements such as local canal construction in the 18th century which improved the areas access to coal and reduced the costs of production and export.

An effect of this increased economic weight was urbanisation, and the increase of supporting industries such as engineering, initially producing equipment for the textile industry but then expending into more general manufacturing. In turn, this led to a growth in banking and finance sectors, buoyed by increased local wealth and overseas trade.

During the second half of the 20th century, the United Kingdom saw increased decline in the competitiveness of its primary and secondary industries as part of a wider trend towards deindustrialisation. Manchester fared better than some peripheral areas of the North West.

In 1996, the Provisional Irish Republican Army set off a bomb in the city centre. As well as a number of injuries, the bomb also caused significant damage to the city centre, and the businesses located nearby. However, the bomb has been credited as acting as a catalyst for the regeneration of the city centre.
The trend of the economy has been influenced by the scale of the city and its importance in the national economy. In recent years, the wider constant economic growth has been evident with greater than average growth.

3.3. Output Trends in Local Development Performance

One area covered in discussions during the visit to Manchester was the level of comparison with other cities/areas and the way in which such comparison can be both valid and useful. ME said that they do undertake several comparison and benchmarking exercises:

- Within the city’s geography: comparing Greater Manchester in the context of the North West region, and compared to the UK as a whole. This is mainly undertaken for monitoring of performance against Public Service Agreement (PSA) targets – which form part of the funding agreement between central government and local authorities.

- With other comparable cities in the UK: typically comparisons are made with Birmingham, Edinburgh, Glasgow, Leeds and London. The emphasis here is examining development and trying to identify what lessons can be learnt, rather than building up rankings or any kind of ‘league table’.

- With other comparable cities abroad: typically comparisons are made with Barcelona, Bilbao, Lille, Munich, and Valencia. The emphasis here is principally on ‘data-looking’ – observing general trends and looking for emerging policy and delivery ideas.

Overall, ME observed that a ‘side effect’ of the collaborative approach across Manchester had been a greater appetite for data on strategic issues, especially when it is informing strategic policies. There is potential for benchmarking similar areas to contribute original thinking to this.

3.4. Drivers of Performance

Anecdotally, the discussions within the Manchester visit highlighted that Manchester was very effective at some things which had been instrumental in its success – such as spotting opportunities, getting funding in place, delivering spaces and developments, and in providing a single voice to government.

However, there was also an acceptance that it was necessary to avoid a ‘heroic’ account of history – that Manchester was also successful because of its economies of scale, its position nationally, and the underlying economic trends. Although a recession seems likely, in recent times Manchester has had money coming in – and has needed to be able to spread it effectively and efficiently – a characteristic of the city regions success as part of wider national prosperity. The challenge ahead is to maintain public sector investment this in uncertain times ahead, whilst trying to strengthen private sector investment.

Manchester also has a number of very important assets – including c.100,000 students and the associated academic resources and infrastructure. The University of Manchester Institute of Science and Technology (UMIST) merged in 2004 with the Victoria University of Manchester to form the University of Manchester and now represents an institution of considerable size and expertise.

Manchester also servers as a dominant retail centre, drawing on a wide catchment area.

Finally, Manchester International airport, the biggest airport outside of London in terms of passenger flows, is an essential ‘anchor’ for business traffic.
3.5. Enablers (Institutional and Social Capacities)

In terms of considering how the drivers of growth are manifested within the enablers, those present at the time of the OECD visit consider the main factors that made Manchester ‘better’ included: a single shared vision, strong leadership, and private sector co-operation. The collaborative approach between the ten AGMA local authorities has been seen as key – Manchester has been very good at internalising the debate and ‘speaking out’ with one voice. An example given was the designation and growth of Manchester Airport – clearly the city couldn’t have 10 airports and so authorities were compelled to come together and think strategically. The resulting development is felt to be a success, and has opened the doorway for the same approach, but without the need for any similar degree of compulsion.

Policy-makers are beginning to understand more about agglomeration in the knowledge economy – previously the Government only understood this in the London supra-region (London and its surrounding regions) context. Continuing this will be vital to keeping Manchester ‘in the game’. The discussions also looked at ‘negative enablers’. A number of projects/pieces of research are underway examining the incidence and effects of polarisation in social communities. ME are gathering data streams such as house price change, deprivation and unemployment/worklessness. In this case the ‘data’ is the reverse of the ‘indicators’ – what is preventing a healthy, happy, safe and secure society?

There was also a feeling that current efforts were measuring strategic added value, but not necessarily measuring ‘enabling ability’. This is true, for example, with attempts to grapple with the notion of ‘social capital’. What is the reality? City regeneration activities do try to involve the community sector and voluntary organisation. Similarly, local authorities have adopted their Statements of Community Involvement as part of the LDF process. However the monies that historically have funded such things are being wound down as the government focus shifts towards addressing worklessness. This puts the voluntary sector potentially at risk as an enabler. In terms of the balance of power and legal allocation of resources, discussions concluded that is beginning to change – the government is increasingly favouring local devolution of some aspects of decision-making, although this is usually in the context of a simplified regulatory framework at the national level (i.e. streamlining but retaining national precedence in any policy hierarchy). Testament to the strength of local power in decision-making is the Manchester Multi Area Agreement.

Overall the response was that enablers are hugely important, but are hard to measure in reality. The best effort is likely to be in the form of narrative of research, and to tie this to known outcomes.

3.6. Policy Actions on Drivers

The main policy action identified throughout discussions during the mission to Manchester was the role to be played by the MMAA. This will provide the basis, in conjunction with intelligence gathered by the MIER, for future policy actions. However, policy actions in reality are only partly driven data. They also reflect the knowledge and experience of policy-makers and implementers. This has been reflected in the GVA Growth Framework as part of the MCRDP, especially in the ‘less tangible’ work areas such as regeneration, exclusion and enterprise. The challenge for creating policy actions based on the GVA Growth Framework is that a lot of the ‘levers’ (the right-hand column) and outputs are nationally-controlled aspects that are not run purely on a regional or city-regional level. However, this could form the basis of an argument to government requesting a change in policy or funding. This is turn could be reflected in performance indicators – if there were adequate scope to bend national performance indicators to suit local circumstances. At the other end of the spectrum, a similarly significant amount of decision-making power rests beneath the city-region level, within individual local authorities. Each local authority is required to produce a community strategy that in many ways reflects common drivers and enablers.
Organisation for Economic Co-operation and Development

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