



Funding partnerships in the European Union, 2007-2013

Foreword from the Chairman of the Forum Board

Partnerships could not exist without the commitment and devotion of the people involved. Nor can they exist without basic funding to ensure that those people have the stability needed to carry out their work. To put it more precisely, stable funding structures are an absolute prerequisite for a long-lasting successful partnership. One should invest in them as a company would invest to ensure its survival. This is especially true when partnerships reach a certain maturity, assuming responsibility for a number of different tasks and co-ordinating a variety of stakeholder interests.

Often however, institutions happy to spend hundreds of thousands of euros or dollars on certain objectives are much more reluctant when it comes to investing in “outside” structures for co-ordination or networking with other bodies. They often don’t see the value added in better coordination, given the extra time and resources required. Moreover, there are no simple indicators with which they can measure the outcome.

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The European Union's growing recognition of the positive effects of partnership and networking activities is reflected in the forthcoming provisions of the European Social Fund. Article 3(1), in defining the scope of the Fund's assistance, states as one key priority "promoting partnerships, pacts and initiatives through networking of relevant stakeholders, such as social partners and NGOs, at national, regional, local and transnational level in order to mobilise for reforms in the field of employment and labour market inclusiveness". Financial support from the European Social Fund will be open to all Member States for partnership-related activities from 2007.

There is also clear reference in the provisions to the importance of capacity building for the convergence objective targeted at the less developed regions: there are for example measures to improve "interdepartmental coordination and dialogue between relevant public and private bodies".

It is up to the Member States of the European Union to decide whether they want to proceed in this direction and make use of the financial resources available. Whatever the case, one thing is clear: priority setting within the structural funds will result in more available data and evaluation throughout a number of countries. With the benchmarks established, positive effects will be easier to discern and negative developments recognised sooner. And that means partnership activities can be better targeted to the needs of people and regions.

Michael Förschner
Chairman of the Forum Board

Financial aspects of partnerships



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Stable funding structures Since stable funding structures are key to operating successful partnerships, this article surveys the financial conditions of partnerships by focusing on their budgets and how responsibility for the funds is structured. It also offers insight into some major day-to-day challenges, such as managing the numerous funds.

>> Characteristics of partnerships' financing Partnerships vary enormously with respect to their financial setup – matters such as the budget, where responsibility for the funds lies, and the rules and regulations followed in implementing funds. However, one attribute is common to nearly all alliances: both horizontal and vertical funding sources.

Partnerships are characterised by horizontal and vertical funding sources

Many partnerships are multi-streamed, which is to say they receive funding from more than one source. A matrix of partnerships' financiers would show that there are contributions from both levels, the vertical (local, regional, national and international) and horizontal (public, private, intermediary, and other means such as own resources; see "Examples of financing partnership operations" on page 6). This wide range of financial sources helps establish a solid basis for the partnerships and reduces risks (e.g. that of losing partners).

>> Operational budgets of partnerships and assigned responsibilities Partnerships all deal with multiple funds and financiers, but differ in terms of the total amount of their annual budgets and the assigned responsibility for the funds. In the cases observed the former ranges from about € 130,000 to € 270,000,000. Responsibility for the funds, whatever the amount, is structured in one of two ways:

The "**virtual common pot**" describes a model in which responsibility rests with each partner – an example is the Territorial Employment Pacts in Austria. Alliances have an accumulated, common partnership budget. Every partner contributes to the budget by making decisions in accordance with that partner's own rules of procedure. Decisions are, however, taken in line with the strategy and objectives of the partnership. For further information on this model, see the chapter "Funding Structures in Austria" in the recently published *Successful Partnerships – A Guide* (OECD LEED Forum on Partnerships and Local Governance, February 2006), which can be downloaded at <http://www.oecd.org/cfe/leed/forum/partnerships>.

The partnership model of the "**real common pot**" describes alliances that are entirely responsible and accountable for the budget – an example is the Canadian Greater Halifax Partnership (see page 6). The partnerships' boards decide on the use of the budget according to its rules of procedure and, once funding and investment are received, the funds are unrestricted, i.e. available for any aspect of partnership operation.

>> Rules and regulations for implementing funds Partnerships follow specific rules and regulations for each of the funds. Excellent financial management is, therefore, crucial. Since multiple investors finance the partnerships, alliances are often faced with the challenge of numerous settings in implementation, such as differing funding agreements, time frames, reporting requirements and audits. Project budgets are mostly determined on a case-by-case basis and developed around specific objectives and activities set out in the detailed project plans. Timing, financing levels and sources all vary depending on circumstances. In the case of

the Marlborough Regional Development Trust in New Zealand, funds received for “specific high-level projects” are subject to a “complex” application process, with formal contracts and claims procedures. To give another example, the Greater Halifax Partnership in Canada, a funding consortium that includes all interested stakeholders, is built around each project.



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Although regional or national programmes supporting partnerships and their activities generally run for two to six years, funding is often applied for annually. The Greater Halifax Partnership in Canada can also allocate government funding on a multi-year basis, but reporting and audit correspond to the annual period. In that partnership, funding is secured through approval of an annual business plan by the Board of Directors following review of the overall budget and forecasts by the Board’s Audit Committee. The Director of Corporate Services is responsible for tracking and quarterly reporting on the budget. The organisation is also subject to an annual, independent, third-party audit of its financial statements, which are made public. Regulations for the Marlborough Regional Development Trust in New Zealand state the following: “*The funding agreement is based on an annual business plan, a monthly reporting to the Board of the Marlborough District Council and quarterly progress reports on the full range of activities (including comprehensive financial and progress reports)*”. As these examples show, the value of the partnership and its projects – in both qualitative and quantitative terms – is reported to all its investors regularly. This is a challenge in itself, as the financiers are often numerous. The Canadian Greater Halifax Partnership, for instance, cites as one of its major challenges “*working with governments to commonly accepted business planning and reporting structures and maintaining relationships with over 135 different companies*”.

>> Major obstacles and challenges A solid, sustainable financial basis for operating is key to enabling partnerships to (1) improve policy coordination and adaptation to local conditions; (2) lead to better utilisation and targeting of programmes, integrate civil society’s concerns into strategic planning exercises; (3) stimulate corporate involvement in local projects; and (4) promote greater satisfaction with public policy (**OECD, Local Partnerships for Better Governance, 2001**). Much remains to be done, if all Forum country partnerships are to succeed in these tasks.

Investment in
partnership
structures is key
to successful
partnership
operation

First of all, investments in partnership structures should be accorded top priority by financiers. Partnerships should be put to full use, not constrained by dedicated funding that is inadequate to the task. For instance, as stated by the Marlborough Regional Development Trust: “*The major funding obstacles relate to the amount of time spent in attracting relatively small funding allotments and the resultant apparent poor productivity*”. Since partnerships are an important tool for enhancing local development, local governance and the effectiveness of policies, stable funding is needed to operate their management. That funding has yet to be secured in many Forum countries.

Secondly, more attention should be paid to the added value of partnership operation. As they work intensely on projects – the level at which the majority of funds are often allocated – partnerships frequently report on project results. But their achievements are much more than the sum of these results. The partnerships and their financiers – but also researchers – need to find a way to prove the added value in a more holistic way, thereby including cooperation as the focal point for any work at the project level. Better documentation of work performed, for instance, was a target set by the Austrian Territorial Employment Pacts. Although this is an additional (administrative) burden for the partnerships, it is hoped that work outputs will be more clearly demonstrated.

And last but not least, partnerships often ask for stronger partnership commitment from the national level. The national level should become more involved and allow long-term horizons by

offering three- to five-year agreements through government financiers. These agreements are needed to generate long-term planning. Moreover, they are an important factor for stabilising funding of partnership structures, and that stability is essential for any sustainable work at the project level. As for countries in the European Union, the new Structural Funds Period 2007-2013 holds out strong prospects to partnerships (see the Foreword by the Forum Chair). It is now up to the Member States to take up this opportunity. <<



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(This article expresses the opinion of the author, the Forum Office Vienna at the Centre for Social Innovation, and is based on observation of financial partnership conditions in Forum countries, particularly the cases of Austria, Canada, Hungary, New Zealand and Sweden.)

Budgets allocated to the partnership management versus budgets billed to the operation of projects

In terms of partnership financing, questions often occur regarding the amount of money allocated to the partnership management in relation to budgets billed to the operation of the projects – i.e. the ratio of the two budget lines. Partnerships sometimes cannot separate the two budgets, as stated by e.g. the Swedish Regional Growth Partnership of the Västerbotten county: *“Around 600-700 unique projects have been running during the period of 2004-2005. Due to the bulk of the projects it is not possible to distinguish between costs for project management and investments/activities within the projects”*. On top of that the data should be viewed with caution: because of the partnerships’ various political frameworks, rationales and tasks fulfilled, any data given can only serve as reference point in comparable situations. That caveat stated, some numbers are found in the following two articles.

The Canadian Greater Halifax Partnership, for instance, reports that 84% of its total budget in 2005 is allocated to the partnership structure, while the remaining 16% is allocated to projects (see page 6). As for Austria, the nine provincial partnership structures receive a total of €2,100,000 annually for operation on either provincial or local levels. In 2005, €600,000,000 was coordinated by the pacts in the form of “a virtual common pot”. If the two budgets in the Austrian case are compared, the funding of the partnership structure is negligible.

Examples of financing partnership operations



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Numerous financiers Partnerships are characterised by both horizontal and vertical funding sources, as shown in the following cases of Sweden, New Zealand, Canada and Hungary.

>> **Regional Growth Partnership, Västerbotten, Sweden** The partnership is implemented under the Regional Growth Programme, which is financed by 40 organisations in Västerbotten. In 2005 the majority of funding – 63% – of the total partnership budget – was received from national financiers, such as e.g. national funds and banks. The second highest contribution came from the local level (20%, provided by local authorities and SMEs). The regional level provided 4% (provincial government, regional foundations) and another 13% was rendered by international sources (e.g. structural funds, international foundations, donors). The partnership links nearly 100% of its budget to the hundreds of projects realised within the partnership.

>> **Marlborough Regional Development Trust, New Zealand** The partnership receives core funding from the regional council for Marlborough (Marlborough District Council). Again, national funding is the major source of finance: national resources provide 46% of the budget. The second highest contribution, amounting to 42%, is support from the local level. And another 4% are incomes from the regional level. This implies that 92% of the Trust's financial resources are paid by public authorities. The remaining 8% is own resources or other means. The funding is applied to the overall operation of the organisation rather than to specific projects. Almost 30% of the total 2005 budget was allocated to management of the partnership.

>> **Greater Halifax Partnership, Canada** The partnership receives funding from the local, regional (provincial) and federal government levels. There is a high share of local resources (73% of the budget in 2005 was contributed by local authorities, municipalities, SMEs and private companies); national resources account for 20%. Regional means amount to 7%. In addition, over 135 private sector financiers invest in the partnership. In 2005, 56% of the total partnership budget was provided by the public sector, 43.3% by private resources and 0.65% by own resources. The Canadian Greater Halifax Partnership allocates a high share of support to its structure: 84% in 2005. The public-private nature of the partnership ensures financing structures for more than 80% of the total budget.

>> **Employment Pact of Szombathely, Hungary** The partnership management is financed solely through the Operational Programme for Regional Development (OPRD), III. Priority – Strengthening the regional dimension of human resource development), Measure 3.2 – Support for local employment initiatives. Eighty per cent of the total allocated to the Operational Programme represents financial resources available from structural funds (European Social Fund); 20% is co-financed by Hungarian Government. The strong involvement of entrepreneurs in the Pact is reflected in the composition of main partners: the Centre of Entrepreneurship, the Labour Centre of County Vas and the Municipality of Szombathely with a county right. Projects are financed by the partners in diverse proportions. In comparison with projects implemented within the Pact, only a slight amount of money is dedicated to partnership management: approximately 2.45%. <<

Many thanks to the partnerships for the information they provided.



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News & Events

The Forum Document Database website

The OECD LEED Forum on Partnerships and Local Governance recently launched the Document Database website in order to fill the need for a comprehensive file of documents focusing on partnerships and related policy fields in the 44 participating countries. The Database includes government documents, specific studies, reports, action plans and strategies, brochures, and other publications of public authorities, research institutions and individual authors as well as international organisations such as the OECD, EC and ILO. All documents and links are provided in English.

For further information, please visit

<http://www.oecd.org/cfe/leed/forum/partnerships/database>

6th Forum Newsletter The 6th Forum Newsletter will be published in December 2006. If you did not receive the 5th Newsletter directly from us, please send an email to rubik@forum.zsi.at indicating "Add to mailing list for Forum Newsletters".

Capacity building through an exchange of experience and know-how

Previous activities of the Forum have shown that member partnerships are interested in capacity building activities, and in the possibility of sharing their own and acquiring new experiences and know-how. A survey conducted by the Forum office in Vienna among participants of the International Partnership Fair in February this year provided input for an initial needs assessment in this area (see the 4th Forum Newsletter for further information). It was interesting to note that whereas new partnerships are often primarily interested in how best to involve local actors in their agenda of work and develop the most appropriate organisational setup for pursuing their policy goals and targets, partnerships already established are more likely to be looking for ways to enhance their capacity for influencing policy.

Taking into account the diversity of Forum members and their different interests and needs, the Forum offices in Vienna and Trento have therefore begun this new activity by designing tailored events addressing both experienced and new partnerships. In the year to come, planned capacity building activities will include a series of international seminars, study visits to participating countries and electronic discussion groups. These will provide participants with unique opportunities to meet with other partnership managers and OECD experts and to engage in discussion about current challenges partnerships face in contributing to local development.

For more information, please contact andrea-rosalinde.hofer@oecd.org at the OECD LEED Trento Centre in Italy.

Capacity Building Seminar: “Enhancing the Capacity of Partnerships to Influence Policy” 5 - 7 December 2006, Vienna, Austria

This 2.5-day capacity building seminar will bring together partnership managers and OECD experts in an interactive exchange and debate on how partnerships can best influence strategy and policy at local, national and international levels. The seminar's objective is to enhance capacities and capabilities of partnerships in contributing to policy and programme design. Mainstream and recent developments in partnership set-ups will be discussed and the presentation of international best practice will seek to inspire organisational innovation. Study visits to selected Austrian Territorial Employment Pacts (TEPs) will offer valuable insights into work, challenges and achievements of area-based partnerships in Austria.

Further information about the seminar and details on the application procedure will be announced via the Forum mailing list in September 2006.



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International Forum “Partnerships for Results” 6 - 8 September 2006, Lisbon, Portugal

The International Forum is organised and promoted in collaboration with the Portuguese Speaking Countries Communities (CPLP) and ECOSOC. The event is dedicated to NGOs and civil society strong commitment co-operation for attaining the Millennium Development Goals. Local, national and transnational cooperation are the fundamental tools available to develop marginalised areas; the first challenge is to make them result oriented, finding effective ways to manage their dynamics, characteristics and composition. The specific challenge today is to attract the private sector into the orbit of partnerships – business organisations in particular – and to form alliances with them capable of reconciling different interests and cultures on behalf of local development.

For further information, please contact the Forum Secretariat at info@foca.org.br.

“Governments & Communities in Partnership: From Theory to Practice” 25 - 27 September 2006, Melbourne, Australia

Important developments in policy making in recent years concern efforts to “join-up” different public services, and related initiatives to strengthen communities and help them become more economically and socially resilient. Debates and research on these two fields are well advanced in many countries, and Australia is now beginning to fashion its own approach at the national, state and local levels.

This three-day conference will bring together key policy makers, community leaders and researchers from around Australia, together with leading experts from other OECD countries, notably in Europe and North America. This event will include workshops on issues such as: why collaboration matters; the role of place; governance models and issues; health, environment and local collaboration; funding and financing issues; democratic accountability; evaluating the impacts of local partnerships; and leadership and skills for collaborative governance.

For more information, please contact Sylvain.Giguere@oecd.org or consult <http://www.oecd/cfe/leed/governance/>.

4th Quality Conference for Public Administrations in the EU: "Building Sustainable Quality" 27 - 29 September 2006, Tampere, Finland Organised with the support of the Directors Generals of Public Administration in the EC, and Innovative Public Services Group, the conference is hosted by the Finnish Ministry of Finance during the Finnish EU Presidency. The conference will help raise awareness and contribute to a growing understanding of the challenges that public sector organisations face across Europe. At the 4th Quality Conference (4QC) you can exchange experiences, discuss current trends of public management and increase your knowledge of quality management tools.



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Registration and more information available at <http://www.4qconference.org/>.

"Building Development Strategies for Cities and Regions" 23 - 27 October 2006, Trento, Italy This OECD LEED Trento Centre seminar supports capacity building in local development strategy design and implementation. The seminar focuses on the role of strategy in integrating the different drivers, factors and enablers of local economic development, alignment with wider national and transnational frameworks (e.g. EU Lisbon/Gothenburg Strategy), and on the choice of tools/instruments for implementation. Up to 60 participants will be selected among experienced policy makers and practitioners working in the area of regional and local development strategy building and implementation in Central East and South East Europe (target countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Former Yugoslav Republic of Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Serbia and Montenegro, Slovenia and Slovak Republic).

For more information about the seminar content, please contact alessandra.proto@oecd.org.

"OPEN DAYS 2006 - European Week of Regions and Cities" 9 - 12 October 2006, Brussels, Belgium Under the headline "Investing in Europe's Regions and Cities: Public and Private Partners for Growth and Jobs", the European Commission's Regional Policy Directorate-General and the Committee of the Regions have joined forces with the European Parliament, 135 regions and cities and several European banking, business and civil society organisations to present a programme of 111 seminars, workshops and sessions in Brussels. More than 5,000 regional policy experts and stakeholders are expected to participate and to discuss issues such as attracting investment, supporting innovation and sustainable development and public-private partnership arrangements with over 500 speakers from 30 different countries. The OPEN DAYS 2006 programme will be split into five sub-themes:

- Investing in competitive businesses and high quality jobs;
- Fostering regional innovation;
- Investing in the sustainable use of resources and environmental technologies;
- Supporting public-private partnerships for larger infrastructure projects; and
- Cutting red tape: Managing the Structural Funds between 2007 and 2013.

For more information and registration please contact the Conference Secretariat conference-secretariat@opendays2006.com or visit the official webpage of the event http://ec.europa.eu/regional_policy/conferences/od2006/.

Forum in brief



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The partnership network The OECD LEED Forum on Partnerships and Local Governance is a network to exchange information and experiences between partnerships. Since September 2004, it promotes an integrated approach to local development, supports area-based partnerships in optimising their contribution to local governance and the effectiveness of policies.

>> Forum mission The mission of the OECD LEED Forum on Partnerships and Local Governance is to enhance the contribution of partnership structures to local development and local governance and the effectiveness of policies.

>> Forum partnerships Area-based partnership is a tool to improve governance. It seeks to improve policy co-ordination and adaptation to local conditions, lead to better utilisation and targeting of programmes, integrate civil society's concerns into strategic planning exercises, stimulate corporate involvement in local projects, and promote greater satisfaction with public policy (**OECD, Local Partnerships for Better Governance, 2001**).

Forum partnerships are primarily focusing on employment and social issues and economic development and are characterised by a multi-level, multi-sectoral and multi-dimensional approach.

The Forum is
a network of
partnerships in order
to exchange
information and
experiences between
partnerships

>> Objectives of the Forum The objectives of the Forum are:

- _ to improve dissemination, stimulate learning between partnerships and facilitate the transfer of expertise and exchange of experiences;
- _ to create synergies between partnership programmes;
- _ to assess and develop co-operation models; and
- _ to advise and support partnership organisations on the ways to promote an integrated approach and improve the co-ordination between policies.

>> Forum Structure All institutions and organisations involved in the management of area-based partnerships may become members of the Forum. Delegates and national partnership co-ordinators interested in providing further advice on the implementation of tasks participate in the Forum Board. The Forum Co-ordination is the support structure which builds up the network.

All tasks are carried out by the Forum Office Vienna at the ZSI (Centre for Social Innovation) and the OECD LEED Trento Centre for Local Development, under the supervision of the OECD LEED Programme (Paris).

>> Tasks of the Forum

- _ Further developing the network (identification and networking of institutions);
- _ Building the data base (Documentary base);
- _ Forum meetings, Forum Board meetings;
- _ Policy advice (study visits, capacity building seminar); and
- _ Information exchange (Annual Brochure, Electronic newsletters, Forum Websites). <<

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