



Cork Action Plan

Imagining local future(s):
Preparing for the jobs and
skills of tomorrow



Introduction

Since its creation in 1982, the OECD's Local Employment and Economic Development (LEED) programme has been at the vanguard of how to create good jobs and great places. It was a pioneer in bridging the economic and social dimensions of local development. It has been a frontrunner on topics such as women's entrepreneurship, the power of the social economy and social entrepreneurship, local skills ecosystems, and local partnerships and governance, all before they became mainstream. It has also been ground-breaking in how it works, for example being a leader in the OECD in supporting local implementation and capacity building with its Trento Centre for Local Development established in 2003.

LEED's 40th anniversary provides an opportunity to look back on what has been learned, but also local development going forward. On top of adapting to ongoing transitions (from digitalisation to the green transition to demographic change), better preparing and responding to shocks is increasingly a priority. The events of recent years — from COVID-19 to the impacts of Russia's war of aggression in Ukraine to increasingly frequent natural disasters — have driven this point home. The discussions at the 2022 Local Development Forum and LEED Directing Committee in Cork, Ireland 15-17 June 2022, as well as other activities throughout the year (See Annex A) identified a number of actions to help all communities better prepare for the jobs and skills of tomorrow. These action areas can contribute to policy design and delivery at the national, regional and local level as well as the work of the LEED Committee.





Cork Action Plan Imagining local future(s): Preparing for the jobs and skills of tomorrow

Ramp up local skills systems to help people, firms and communities keep pace with transitions (digital, green and demographic)

- Better link skills and local economic development strategies, working with the private sector.
- Make local skills systems more agile and responsive.
- Expand lifelong learning, in particular for disadvantaged groups.
- Leverage new tools for the design and delivery of skills, such as digital delivery, non-degree credentials and other local innovations.

- Develop local ecosystems that support the incubation and scaling up of SMEs and entrepreneurs, including those from traditionally under-represented groups.
- Consider the role and balance of home-grown businesses and international investments in the community.
- Use a broad suite of measures to assess local economic health.
- Support local firms in preparing for shocks and transitions.

Build local business environments that are resilient to short-term shocks and longer-term transitions

Revisit local employment and job creation policies to be fit for the future of work

- Upgrade local employment programmes to better respond to more frequent job changes and skills shifts.
- Work with employers to focus not just on the quantity of local job creation, but also the quality.
- Better address the wide-ranging barriers that keep people out of work.
- Integrate remote and hybrid working into local development strategies.

- Invest in enhancing local quality of life and pride in place, including through culture and creative sectors.
- Better integrate the social economy into local development strategies, building on the new OECD Recommendation.
- Think more broadly about the “who” and the “what” of local innovation.
- Develop “soft” local infrastructure such as social capital, civic leadership and cross-sector partnerships.

Leverage a wider range of local assets to support more inclusive development

1. Ramp up local skills systems to help people, firms and communities keep pace with transitions (digital, green and demographic)

Digitalisation and the green transition are transforming skills demands. The OECD estimates that roughly 1 out of every 2 jobs across the OECD are at risk of significant changes in skills needs as a result of automation. The green transition, in turn, will both create and destroy some jobs, but also more broadly reshape the skills needed for many more. While we are not facing a jobless future, the question is *where* jobs will be created and destroyed, *what* the quality and nature of these jobs will be, and *who* will have the skills to fill them.

Demographic change is radically reshaping labour markets. Projections suggest that half of Europe's regions will face absolute population decline by 2060. Demographic change can further affect labour supply due to the distinctly different skills profile and preferences of retiring older workers compared to young graduates.

Local skills systems will need to be significantly upgraded for firms, workers and communities to keep pace. Already, 35% of workers report that they do not have all the skills needed for their current roles. Today, only around 20% of adults with low skills participate in adult learning, while the participation rate for adults with a medium level of skills is almost double that rate, and for adults with high skills it is triple. Strengthening local skills ecosystems and supporting workers in developing transferable skills can also help facilitate local economic diversification and movements of workers across industries in response to shocks and transitions.

Areas for action

- **Better link skills and local economic development strategies, working with the private sector.** This includes, for example, putting in place local skills strategies that contribute to the development of priority or local sectors or support economic diversification. On the other side, local development strategies can be better designed to better leverage local skills bases and take skills proximity into account when identifying sectors to expand into. These two systems need to interact well, with strong local employer engagement, to be effective.
- **Make local skills systems more agile and responsive.** This requires better systems (governance and data) for monitoring local skills demands, both now and in the future, as well as building local capacities to respond to these demands. Enhancing local employer engagement is essential for doing so, including more in-work training to support people *before* their skills become outdated.
- **Expand participation in lifelong learning across the skills spectrum, in particular for groups that may face disadvantages,** Such disadvantages may be due to their socio-economic status and geographic area, age, gender, race and ethnicity, Indigeneity, migrant status, disability and other identities people associate with, as well as their intersections. These can impact the financial, logistical, psychological and other barriers that can hinder people from participating in training and employment. Joining up local services to better address these barriers as well as creating different points of entry for adult learners can help. Without targeted efforts, there is also a risk that people in low-pay and low-quality jobs may fall further behind in the digital and green transition.
- **Leverage new tools for the design and delivery of skills, such as digital delivery, non-degree credentials, modular learning, and other local innovations.** Such tools can help expand the reach and responsiveness of local skills systems, for example to expand access in underserved places or more rapidly adapt to local skills demands. However, regular evaluation and monitoring of “what works” will be important to help these innovations meet their desired objectives and adjust programmes and policies accordingly.

2. Build local business environments that are resilient to short-term shocks and longer-term transitions

SMEs and entrepreneurs are the main drivers of job creation and are firmly grounded in their local communities. Across the OECD, SMEs account for about 60% of private sector employment. Net job creation is typically led by a small number of “high-growth firms” which are strongly dependent on their local economic context. Indeed, rapidly growing SMEs typically account for half or more new jobs. Accordingly, traditional economic development policies that have focused on attracting large firms and inward investment must be complemented by strategies to create conducive local ecosystems for entrepreneurship and scaling up.

Successive shocks in recent years, on top of longer-term transitions, have also heightened the need to think in terms of resilience, both at the firm and community level. For example, disruptions to global supply chains first sparked by COVID-19 and then exacerbated by Russia’s war of aggression against Ukraine have re-opened the question of reshoring/nearshoring as a means of making economies more resilient through shorter supply chains, particularly for certain essential goods and energy. Future shocks may also come in the form of more frequent extreme weather events, exacerbated by climate change.

Areas for action

- **Develop local ecosystems that support the incubation and scaling up of SMEs and entrepreneurs, including those from traditionally under-represented groups.** SMEs and entrepreneurs are more dependent on the quality of their local environment. Under-represented groups, particularly those experiencing a disadvantage, can help to drive innovation and local job creation more generally, if targeted strategies are put in place.
- **Consider the role and balance of home-grown businesses and international investments in the community.** Leveraging international connections to attract foreign investments and attempt to reshore jobs to local communities may be particularly important for making supply chains more resilient in light of changing global value chains. At the same time, changing consumer preferences, such as in relation to the “proximity economy”, as well as the growing movement behind social purpose businesses, may call for a more bottom-up approach to growth.
- **Use a broad suite of measures to assess local economic health.** Potential underlying weaknesses such as declining rates of entrepreneurship, rising inequality, a prevalence of low quality / poorly productive jobs, etc. can serve as early warning indicators that the economic health of a community could easily be derailed by a sudden shock or downturn.
- **Support local firms in preparing for these shocks and transitions.** Some firms, particularly SMEs, may not have the internal capacity, resources and skills to prepare and respond to shocks and transitions, whether it’s a natural disaster or digitalisation. At the same time, these firms may be important to the vitality and health of local economies, making the case for supporting them with resources, coaching and assistance that they need to better prepare and respond.

3. Revisit local employment and job creation policies to be fit for the future of work

Already, the labour market is in flux. Across OECD countries, more than 2 out of 5 employers state they have difficulties filling jobs, with SMEs facing particular challenge. Job stability has decreased in the majority of OECD countries over the past two decades, with the less-educated particularly affected. People need access to quality opportunities where they work and live, as only a small number of people move for

job opportunities or training, even following a job loss. However, the expansion of remote working could impact the geography of jobs. While estimates vary, approximately 14-54% of jobs across OECD regions can be done remotely today, and likely more in the future. The growth of online platform and the gig economy also raises important questions about job quality.

Our understanding of work and jobs is also changing. In some countries, questions about the “great resignation” are grabbing headlines, while the growing momentum behind a shift to a four-day work week reflects a similar reckoning with how to balance professional and personal lives and job quality. Shortages of labour in essential services is also raising questions about how we valorise different forms of work. Today, more than 2 in 5 young people cite sense of purpose or impact on society as one of the most important criteria when considering job opportunities.

Areas for action

- **Upgrade local employment programmes to better respond to more frequent job changes and skills shifts.** For example, public employment services will have to adapt their offerings as people go through more labour market transitions throughout their lives, skills needs change more rapidly and as more work goes remote. Enhancing local employer engagement will be important to keeping up to date with these changes, as well as to identify where they themselves may need support in adapting.
- **Work with employers to focus not just on the quantity of local job creation, but also the quality.** This may entail, for example, targeted strategies for attracting and retaining high quality employers, or efforts to work with local businesses, including SMEs, to “raise the floor” in terms of job quality and productivity. These approaches can complement efforts to help people move up career ladders through upskilling
- **Better address the wide-ranging barriers that keep people out of work.** This may include better integrating services locally as well as using more human-centred designed tools. Such tools can help design programmes in a way that responds to peoples’ lived realities, for example taking into account the experiences of recently arrived refugees, persons with disabilities, or justice-involved individuals.
- **Integrate remote and hybrid working in local employment and economic development strategies.** It can serve as a tool for expanding job opportunities and addressing skills shortages but may also decrease demand for services and retail in business districts with negative knock-on effects for local service and hospitality jobs.

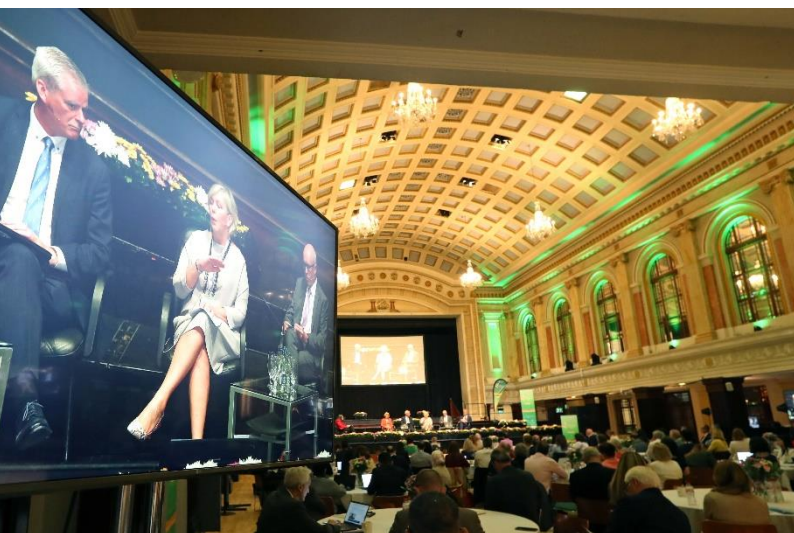
4. Leverage a wider range of local assets to support more inclusive development

Local development is about good jobs, but not only – it is also about well-being and creating attractive places to live and work. A broader approach to local economic development considers a range of factors that contribute to well-being, such as a healthy environment, quality local services, efficient governance systems, social capital, access to cultural amenities, inclusion, affordability, and pride in place. This broader approach takes a unique kind of leadership to succeed that is often, but not always, led by local governments. However, it operates over longer time frames, broader geographies, and with wider institutional collaboration than is usual for local government services or political cycles. In addition to local authorities, other stakeholders such as regional economic development organisations, business leadership groups, universities, vocational training institutes, public employment services, and philanthropy and civic bodies are increasingly engaged.

Communities have a variety of assets they can draw on to promote this type of more inclusive development, such as social capital, the social economy or culture. While often not sufficiently included in local development strategies, the social economy is estimated to account for between 2% and 10% of national GDP in OECD countries and provide and 1.9 million jobs in European countries alone. More can also be done to integrate culture and creative sectors as well as cultural heritage across policy portfolios. These sectors are a significant source of local jobs and income, and also generate important spill-overs to the wider economy. They are a driver of innovation, a source of creative skills with strong backward and forward linkages in the economy, and act as a magnet that helps drive growth in other sectors such as tourism. Beyond their economic impacts, they also have significant social impacts, from supporting health and well-being, to promoting social inclusion, local social capital and community identity.

Areas for action

- **Invest in local quality of life and pride in place, including through culture and creative sectors.** This could be creating thriving downtowns and retail corridors, to improving facades, parks, local services and housing. Expanding cultural participation can also be a driver of well-being and social impact, including by tackling participation barriers and expanding access to local cultural assets. As highlighted in the OECD Recommendation on Global Events and Local Development, if well-planned, the legacy of global events can also contribute to local well-being, for example through improved local amenities or promoting sports participation.
- **Better integrate the social economy into local development strategies, building on the new OECD Recommendation.** For example, the social economy has proven to be a pioneer in identifying and implementing social innovations and alternative ways of organising economic activities that have later been mainstreamed (e.g. circular economy, organic food). The OECD Recommendation on the Social and Solidarity Economy and Social Innovation provides concrete guidance on how this can be done.
- **Think more broadly about the “who” and the “what” of local innovation.** Universities and other higher education institutions, including vocational institutions, can play a crucial role in local innovation ecosystems, as can better leveraging spill-overs from creative sectors. Create enabling ecosystems for social innovations and mechanisms to mainstream and scale them up when they prove successful will also be increasingly important.
- **Develop “soft” local infrastructure such as social capital, civic leadership and cross-sector partnerships.** Shared and collaborative leadership models can help engage and leverage the contributions of the public sector, universities, education, training and employment agencies, the private sector, philanthropy, the social economy, trade unions and community groups.



Inputs into the Cork Action Plan

This Action Plan was developed based on a series of conversations, discussions and reflections throughout 2022, LEED's 40th anniversary year. This includes,

- The OECD Local Development Forum in Cork, Ireland on 15-17 June under the theme "[Better Strategies for Stronger Communities](#)" and the pre-Forum workshop on "[Strategic Foresight for Local Economic Development](#)"
- Discussions at the 80th Part I (20-21 April) and Part II (15 June), and the 81st Sessions (17-18 November) of the LEED Directing Committee, including a background note prepared as part of earlier iterations of the Action Plan [CFE/LEED(2022)13 and CFE/LEED(2022)13/REV1].
- A series of virtual LEED events and Local Development Forum webinars:
 - [Making the most of the social economy's contribution to the circular economy](#) (19 January)
 - [OECD Local Skills Week](#) (15-17 February)
 - [Private sector leadership and the future of local economic development](#) (4 May)
 - Local economic recovery after a disaster: What can be learned from past disasters to prepare for rebuilding Ukraine after the war (23 May – closed door)
 - [From "mom and pops" to "pop-ups": Local development and the future of retail](#) (12 July)
 - [Mass layoffs and local impacts: what we know and what can be done](#) (27 September)
 - [Unlocking the potential of youth-led social enterprises](#) (9 November)
 - [Main streets at a crossroad: Experiences from Australia](#) (29 November)
 - [Human-centred design and local employment services: possibilities, promises and pitfalls](#) (13 December)
- Interviews with former LEED leadership from the Secretariat and member countries as well as written inputs from [Ron Gass](#), the founding director of the OECD Directorate of Social Affairs, Manpower and Education and [Prof. Tiziano Treu](#), President, National Council for Economics and Labour and former Italian Minister of Labour and Social Security.

