



Identification, Dissemination and Exchange of good practice in Local Employment Development
and promoting better governance

IDELE Seminar

The New Round of Structural and Cohesion Funds: Bringing the Local into Play in the Context of Convergence

9-10 March 2006

Budapest - Radisson SAS Béke Hotel

Thematic background paper

The IDELE Project

The European Commission (DG Employment, Social Affairs and Equal Opportunities) has appointed ECOTEC Research and Consulting to implement the IDELE project to “*identify, disseminate and exchange good practice in local employment development*”. IDELE pays particular attention to identifying and disseminating good practice on the ways that local actors and actions can add value to European, national and regional programmes. The IDELE seminars (8 during the period 2004-2005 and 4 in 2006) provide a platform for policy-makers and promoters facing similar problems to share a real dialogue about how the local approach can make a difference and thereby strengthen local employment development (LED) across Europe. The objective is to disseminate lessons and practical tools as widely as possible through the events, the papers that follow them and through the IDELE website (www.ecotec.com/idele).

The Background to LED and the Prospectus for IDELE in 2006

For over a decade, LED has emerged as an increasingly successful part of the European Employment Strategy and has become widely adopted within the European Structural Funds. This process has been driven by a strong ‘bottom up’ movement - keen to empower and engage players at the regional and local levels and to see more consistent funding available for a range of local economic, social and environmental initiatives. The European Commission and many Member States have responded by privileging the use of local stakeholders as key agents in the development of local strategies and the delivery of services.

As the IDELE series of seminars has confirmed, local employment development projects can range from loose confederations of essentially local projects to well organised strategy-driven partnerships and delivery agencies with a clear place in the system of governance. We have been able to show in IDELE how local organisations and the other key stakeholders have developed the skills and the infrastructure essential for the delivery of high quality outputs.

During the 2000-06 funding period, the European Commission - working alongside other stakeholders, such as Member State governments - has encouraged local players to develop:

1. Better and more informed management capacity: moving beyond the skills necessary simply to implement an activity towards a more complete participation in local decision-making;
2. Active participation in governance systems: equipping themselves to see where they and their organisations can best fit in to a multi-level strategic approach to local development; and
3. Strategic understanding: having found the most appropriate role and positioning for themselves, going on to engineer and deliver a strategy to achieve the best possible outcomes.

All of these developments still have their power but the background circumstances against which they are applied are rapidly changing. In terms of the policy environment, the 2006 approach to IDELE sets out to reflect the changes that are taking place as the EU moves to implement the revised Lisbon strategy¹, respond to enlargement and streamline and simplify the Structural Funds programme. We are now within sight of the final arrangements for the implementation of the 2007-2013 Programming Period for the Structural Funds and Member States are seeking to finalise their National Strategic Reference Frameworks during 2006.

With Budapest, we begin the final cycle of four seminars that will complete the overall IDELE exercise and it is our aim to influence emerging policy in favour of **acting locally for employment and development** as far as we can. The cycle of events following the Budapest seminar is as follows:

- Fresh Approaches to Competitiveness and Employment: Lessons from the Local Level: Bologna, Italy, 27-28 April 2006.
- Local Approaches to Rural Development: Santiago de Compostela, Spain, 1-2 June 2006

The final event will bring together lessons from the full three year series of seminars:

- The Local and the European Employment Strategy: Lessons from IDELE: Brussels 13-14 July 2006

Each IDELE seminar (apart from the final one in Brussels) will bring together around 30 participants - local actors and regional, national and EU policymakers to consider the theme. The seminars comprise expert presentations as well as case studies and offer the opportunity to debate and discuss the emerging lessons in an informal and essentially conversational setting.

¹ Agreed by all 25 Member States at the 2005 Spring Council. Should Romania and Bulgaria join the EU in 2007, they will adopt the Strategy as part of the Aquis Communautaire.

The Emerging Policy Context

The Lisbon Strategy

In March 2000, the Lisbon European Council set out a ten-year strategy to make the EU the world's most dynamic and competitive, knowledge based economy. The *Lisbon Strategy* is, in its widest sense, a commitment to bring about economic, social and environmental renewal. It has been adopted as the driving force shaping the future of the European Union and its constituent Member States. Under the strategy, a stronger economy will drive job creation. This will sit alongside social and environmental policies that ensure sustainable development and social inclusion. The range of Lisbon objectives includes the following:

- Competitiveness: stepping up structural reform for competitiveness and innovation, and completing the internal market;
- Knowledge-based economy: information society and research;
- Economic growth: appropriate macro-economic policy mix;
- More and better jobs: goal of full employment;
- Greater social cohesion: modernising the European social model; investing in people; and combating social exclusion; and
- Sustainable development.

A series of ambitious targets has been set out to measure progress toward these objectives. According to the Kok report², progress to date has been slow, but there is a renewed drive to configure policy around the Lisbon goals and to see that both EU and Member State actions are closely aligned with them. To this end, EU policy is now underpinned by a series of *Integrated Guidelines for Growth and Jobs*³ that bring together in one framework document all of those guidelines needed to drive policy – including *Broad Economic Policy Guidelines (BEPG)* and the *Employment Guidelines* that provide the context for IDELE:

Table 1

The Employment Guidelines (2005 – 2008)⁴

- Guideline 17: Implement employment policies aiming at full employment, improving quality and productivity at work and strengthening social and territorial cohesion;
- Guideline 18: Promote a lifecycle approach to work;

² *Facing the Challenge; The Lisbon strategy for growth and employment*; Report from the High Level Group chaired by Wim Kok, November 2004.

³ *Integrated Guidelines for Growth and Jobs*, COM (2005) 141 Final

⁴ Adopted 12/07/05

- Guideline 19: Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people and the inactive;
- Guideline 20: Improve matching of labour market needs;
- Guideline 21: Promote flexibility combined with employment security and reduced labour market segmentation having due regard to the role of social partners;
- Guideline 22: Ensure employment-friendly labour cost developments and wage setting mechanisms;
- Guideline 23: Expand and improve investment in human capital;
- Guideline 24: Adapt education and training systems in response to new competences required.

National Strategic Reference Frameworks

In parallel with the revised Lisbon Strategy and the BEPG, the *Third Cohesion Report (2004)* sets out a statement of the new priorities that should inform the growth and cohesion process. These were:

- Strengthen the strategic focus of EU regional policy;
- Apply the Lisbon principles – Cohesion/Growth/Jobs; and
- Apply the Gothenburg accord – environmental sustainability

The Commission also issued (for consideration by the Council) *Community Strategic Guidelines* (CSG) ‘to give effect to the priorities of the Community with a view to promote balanced, harmonious and sustainable development’⁵. As part of this process, each Member State is required to produce a *National Strategic Reference Framework* (NSRF) outlining its strategy for delivering Structural Funds in line with the broader EU objectives and reflecting the Integrated Guidelines for Growth and Jobs. NSRFs will normally include a SWOT⁶ analysis; a set of thematic and territorial priorities; and a list of Operational Programmes. They are to be prepared in consultation with partners and in discussion with the Commission. However, events concerning the *Financial Perspective* have delayed the process and thus reduced the time available to finalise the NSRFs in 2006. Final agreement will come from the Commission after a dialogue over the broad aims, the list of *Operational Programmes* and the allocation of funds.

The NSRF is, then, an important tool to demonstrate how a Member State is setting out to address the CSG priorities and the revised Lisbon agenda - with the aim, in each case, of ensuring a strategic focus on the core priorities. An important further element in the overall policy package is the regulatory context. This is set by Articles 25 and 26 of the *General Structural Funds Regulation* of July 2004.

⁵ *Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-13*; COM (2005) 0299

⁶ Strengths, Weaknesses, Opportunities, Threats

Funds Allocation in the New Programmes

The allocation of resources for the new round of Structural Funds has now been broadly but not yet finally agreed.

A total of €307.6 Billion has been allocated and this will be disbursed under three *Objectives* as follows:

- *Convergence Objective (CO)*: 81.9% of total funds (€251.3 Billion)
- *Regional Competitiveness and Employment Objective*: 15.6% of total funds (€48.8 Billion)
- *Territorial Cooperation Objective*: 2.4% of total funds (€7.5 Billion)

Within the *Convergence Objective* there are sub-allocations as follows:

- Cohesion Fund: 24.4% of CO Funds (€61.4 Billion)
- "Phasing Out": 4.8% of CO Funds (€12.5 Billion)⁷

THE BUDAPEST SEMINAR

Introduction

The Budapest seminar will, as the title indicates, focus its attention on the *Convergence Objective* and those Member States and regions that will be the beneficiaries of it. By virtue of the delay in the budgeting and planning process for the EU we find ourselves in a **unique position** to influence the thinking of those charged with the preparation of the NSRFs and subsequently the Operational Programmes for the Structural Funds that will be derived from them. What we shall be aiming to do is to demonstrate how **acting locally** can contribute to national and regional employment development objectives. We believe that this has special importance for some of the newer Member States, not least as a means to absorb the funds more efficiently and effectively in a way that is counter-inflationary and that is, at the same time, capable of diffusing a significant proportion of them more widely and perhaps more equitably⁸.

A Focus on Policy Programmes Rather than Projects

By contrast with the previous approach to IDELE, this focus on informing the new programming period of Structural Funds and the *Operational Programmes* therein it requires a different methodology.

⁷ The "phasing out" category refers to those regions that would have been eligible for funding under the EU15 rules but lose eligibility in the EU25 and those where their GNI per capita will now exceed 90 percent of the new EU25 average

⁸ We are also in a special position in 2006 because of the coming together of IDELE with the FALDE (*Fresh Approaches to Local Development and Employment*) programme that is conducting a parallel stocktake of the capacity for LED in the New Member States (plus Romania and Bulgaria).



Identification, Dissemination and Exchange of good practice in Local Employment Development and promoting better governance

We will not, in Budapest, be focusing our attention primarily on good practice local projects on the ground – sharing the ideas among dominantly local players. We shall instead be examining:

- *national and regional level policy programmes* and bringing together good practice examples of national or regional administrations that already have experience of facilitating *comprehensive local actions* to deliver sound employment and development policies;
- *local projects and partnerships* that can illustrate the relative merits of the national or regional programmes that have initiated and/or facilitated them; and
- *locally-initiated projects and partnerships* that have influenced (or have the potential to influence) national and regional level policy programmes.

We shall, then, be hearing about good local actions - but they will be presented within the context of those national or regional level programmes that sponsor and support them.

The Budapest seminar will allow us to debate and share ideas about European, national and/or regional programmes that demonstrate good practice in developing a significant local dimension. At the European level, we shall tap the valuable learning that has come from the EQUAL Community Initiative with its strong networks and local impacts. At national and regional level we have brought together a series of case examples where the different levels of governance have come together to generate *comprehensive policy programmes* that have a significant local dimension. Some of these emerged through the higher level policy community buying into the idea and taking the initiative themselves to seed local activities from it. In other cases, a particular locally-developed activity persuaded the higher authorities to buy into it and incorporate it into their mainstream policy framework. To capture this multi-level approach, the presentations are provided by players at different levels – the national or regional policymaker together with representatives of good practice "on-the-ground".

The objective for the Budapest event (repeated for Bologna and Santiago against different contexts) will be to look for *good practice policy frameworks* to facilitate LED. We want to explore the overall IDELE proposition that enabling a well-judged degree of local control and engagement within a system of multi-level governance can produce higher quality and more creative employment and development outputs. If the IDELE project is to have any real effect on the way policy is developed and implemented - particularly in those Member States new to the EU - there is a need to demonstrate its relevance in terms of “here and now” activities against the key issues that they will face. The case for LED in the new policy context needs to be made, therefore, not in terms of some relatively abstract idea that it is a *good thing in general*, but that it is a *specific* tool to address high priority problems that are prominent *on the national policy agenda* of the Convergence Objective beneficiary States overall.

Influencing the Policy Debate

Since we already know that in the bulk of these beneficiary countries policy-making is *highly centralised*, it is at the level of the *central or regional ministries* that the case for LED probably needs effectively to be made if the NSRFs and Operational Programmes are to contain a substantial local strategy and delivery component. In short, we need to find out what kinds of high profile problems in a given country will best *draw down LED as a solution* and what good practice can we find that will help those facing similar sorts of background conditions to put their own programmes in place. The Budapest seminar has an important mission to perform. It needs to find a successful way to bring Local Employment Development to the right audience in the *Convergence Objective* countries and at the same time position it as an *essentially practical policy tool* capable of adding value in dealing with the most pressing problems.

The Key Questions For The Seminar

- **What sorts of *real and present and high priority* employment and development concerns rank highest on national/regional agendas in a given country context?**
- **What practical experience can we find that helps to identify those aspects of these *real and present high priority problems* that can be tackled most effectively by policy programmes with a strong local dimension?**
- **What can we learn and share about how best to design policy programmes at a significant scale (national or regional) that can initiate, support and sustain local employment development actions?**
- **What needs to be done to ensure that in LED policy programmes the local people, institutions and social partners themselves have an appropriate role in the process?**
- **What sorts of institutional, personal and group capacities are needed to build and sustain policy programmes with a strong local component – and what can we learn and share about the most efficient and effective ways to produce them?**
- **What can we learn and share about the best ways to influence the fast-moving policy debates on the allocation to the Structural Funds to ensure that, where local approaches can show real value added, this message can properly delivered to policy designers?**

Further Information

For further information on the IDELE project please visit our website at:
www.ecotec.com/idele