



European Commission



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

Cross-border and Transnational Co-operation for Local Employment Development

Eighth thematic report of the IDELE project

based on an international seminar on 7-8 July 2005 in Copenhagen, Denmark

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Introduction

IDELE is a three year project operated by ECOTEC on behalf of the European Commission. It involves the:

Identification
Dissemination and
Exchange of good practice in
Local
Employment Development.

Each year, IDELE focuses on four themes in local employment development and identifies good practice examples from which key lessons can be learnt. These will be of interest to:

- Policymakers at all levels;
- Practitioners involved in local employment development;
- Other local stakeholders; and
- Academics and researchers.

This eighth Thematic Summary considers localities that straddle an international border and the potential contribution of local employment development in these areas to:

- capturing gains in competitiveness;
- generating scope and scale;
- resolving conflict;
- improving local governance.

Twelve international IDELE seminars and reports provide a platform for policy-makers and project promoters to share a dialogue about how the local approach can make a difference. This thematic report reflects the outcomes of the eighth IDELE seminar held on 7-8 July 2005 in Copenhagen, Denmark.



Rationale behind IDELE

IDELE is a key element of the European Commission's activity to encourage the exchange of good practice and networking in local employment development (LED). The local level has been recognised in EU policy since 1984 and has since gained in importance through the Commission's White Paper on Growth, Competitiveness and Employment in 1993 and the European Employment Strategy in 1997. While policies at other levels – macro-economic, structural and regional/sectoral – continued to address the broader competitiveness and cohesion agenda at the level of the economic system as a whole, a policy that proposed to use local actors to seek out local solutions had (and continues to have) strong appeal.

At the end of two decades of experimentation and significant funding both for pilot actions and under Structural Funds measures there is a need to review what has been learned and disseminate and exchange the lessons from practice. Local actors are becoming more involved in capturing employment and development for their areas and it is important to recognise this. While EU programmes have been a significant spur to action, IDELE provides an opportunity to capture learning from a much wider social movement. IDELE also has the capacity to look at how the overall aim of the EES is being achieved by actions in the wider local setting.

Possibilities for local action

When the local approach came to play an increasing role in the policy frameworks of the EU and a number of Member States (during the 1980s and 1990s), it was chiefly envisioned as an instrument of unemployment policy and this has determined its development pathway. From the perspective of economic analysis LED is seen to work on both the supply and the demand side.

On the supply side, it offers a means to mobilise labour to adapt to new work opportunities and to acquire relevant skills by drawing the unemployed and socially excluded along 'pathways to integration' with strongly local points of entry. On the demand side, it is a means to prospect for new sources of jobs at the local level – particularly by identifying those service gaps and market failures that were unfilled by private enterprise or public provision as service demands changed faster than orthodox responses. With a re-awakening of interest in social enterprise and the social economy, another demand side option has been to stimulate alternative forms of enterprise within local communities that gave both the prospect of addressing gaps in 'proximity services' and the chance that the locally unemployed could create 'tailor-made jobs' by acting as social entrepreneurs.

Another entry point to the possibilities of action at the local level has come from the orthodox perspective of market economics and from the logic of arguments about *market failure*. Indeed, the essence of the highly influential LDEI initiative that emanated from the European Commission's Cellule de Prospective in 1996 was to position local action as an instrument to address existing and emergent market failures in a fast moving economy.



Cross-border and transnational co-operation for local employment development

For the European Employment Strategy to be successful in creating *more and better jobs and greater social cohesion*, labour markets need to be flexible enough to adjust effectively to changes in demand; to adopt and adapt to new technologies and to provide macroeconomic adjustment. Geographical mobility of labour provides the most obvious means of adjustment between different localities, regions and countries. Such mobility is also enshrined in Community law as a fundamental right.

The creation of the Single European Market and of the Euro, the accession of New Member States and improvements in transport infrastructure remove barriers to mobility as well as increasing the opportunities for cross-border trade and investment - ultimately creating new employment opportunities. These developments create new potential and opportunities for employment development as well as creating new risks and threats. Cross-border localities are often those most likely to face such opportunities, risks and threats.

Indeed, cross-border localities can be considered 'laboratories' of European integration. They are the places where the benefits of European integration – or the barriers to achieving such integration – are most often manifested. Here, there are real 'discontinuities' in economic activity that macro-economic policies do not (and perhaps can not) address. Indeed, workers, employers and other actors in cross-border localities face the practical realities of dealing with these discontinuities.

What tends to emerge are *coping strategies*, developed by local partners but within the broad parameters set by national and European policy and legislation. Such strategies involve innovative and creative approaches to facilitating cross-border local employment development, grounded in the experience of day-to-day life and addressing the challenges that are specific to cross-border localities. The experience of such strategies offers important *lessons from experience* for labour supply, labour demand, conflict resolution and governance.

Key lessons

Improving the supply of labour

- **Addressing differences in national systems;** it is in border areas that the lack of harmonisation of national systems of tax, social security, etc. can most hinder or distort employment and trade. Since complete harmonisation of national systems remains highly unlikely, border localities must be creative in finding ways for national legislation and systems to work flexibly for cross-border workers and their employers.
- **Providing information advice and guidance;** many workers are mobile in crossing a border to work particularly where wage differentials exist. But individuals – particularly the lower-skilled, unemployed, or disadvantaged groups – may lack the information or confidence to access a job across an international border. Local cross-border partnerships should provide practical, grass-roots support for cross-border workers in terms of information, advice and guidance, including a focus on enabling the lower-paid, lower-skilled to cross a border for work, where suitable opportunities for employment already exist. They must also consider the wider 'package' available to labour, i.e. access to health care, housing, job security, social security and unemployment assistance. In particular, imaginative approaches to recognising entitlement to social security are needed.



Infobest

Infobest is a tri-national institution operating in the border areas of Northwest Switzerland (CH), Baden and Palatinate (D) and Alsace (F). The core task of the network of 4 information centres is to advise cross-border workers, assist local authorities in cross-border matters and implement cross-border labour market projects together with the Upper Rhein EURES programme.

- **Attracting hi-tech industries and highly qualified workers** in a global marketplace will require a high quality of life, attractive environment, cultural and leisure facilities and first-class learning opportunities. It may not be possible for a border locality by itself to offer all these attributes. To attract and retain hi-tech, high value added employers and their staff, local partners in cross-border localities should therefore co-operate across the border to create the best possible 'offer'.

Stimulating demand in cross-border localities

- **Aggregating markets across a border**; the dislocation of economic activity caused by an international border can make border localities less attractive to employers than they would otherwise be. Greater scope and scale can be created through cross-border partnerships for local employment development. Such partnerships can attract new employers by aggregating markets for goods, services and labour.

Haparanda / Tornio

Haparanda (population 10 350) and Tornio (population 22 200) are located adjacently, either side of the border between Sweden and Finland. Historically, the two share a common heritage having been a single city until 1809.

Municipal co-operation between the two cities began in the 1970s with a series of agreements intended to improve the lives of residents by improving access to educational and cultural services, such as free attendance at schools on either side of the border. This co-operation became more formalised with the establishment of the Provincia Bothniensis co-operation organisation in 1987. Further reciprocal agreements were made, offering residents free access to vocational training and polytechnic education on either side of the border. Moreover, the border controls between the two cities have now been entirely removed.

This incremental process of co-operation and integration has released new employment potential through the aggregation of markets. The two local labour markets thus display a high level of continuity, and now operate in effect as one single labour market. For example, the biggest private employer for the residents of Haparanda in Sweden is Outokumpu Py, a Finnish company in Tornio.

- **The challenges of new cross-border infrastructure.** Local actors need to react to the opportunities and threats offered by new transport infrastructure by creating new economic opportunities for local residents and businesses. Cross-border local employment partnerships can offer an effective way to do this, but it will take time to build trust relationships, particularly where there are cultural and language barriers.
- **Localities with a similar industrial structure** but separated by a border can develop joint solutions in a more efficient and effective way if they co-operate, for example in attempting to attract new firms to the area.



- **Regularising the informal economy;** peripheral border areas may suffer most from illegal or informal economic activity. Barriers to legitimate activity are highest here and there may also be tax differentials that can be exploited. Effective cross-border local employment development can regularise informal economic activity (and create a demand for labour in the formal economy) by addressing the barriers of different national systems of legislation, tax, recognition of qualifications, etc.

Conflict resolution in cross-border localities

Northern Ireland / Republic of Ireland

One legacy of the recent 'Troubles' within Northern Ireland and the border counties of the Republic has been the obstruction of border crossing points and consequent disruption of traditional patterns of employment, trade and commerce. However, since the 1998 'Good Friday Agreement', the border is becoming easier to cross due to the removal of physical barriers, reduced (fear of) paramilitary activity and de-militarization. A dedicated cross-border body, the Special European Union Programmes Body has also been created:

To develop co-operation, understanding and action between people and organisations in Ireland and Northern Ireland through consultation and the implementation of EU social, economic, reconciliation and cultural programmes.

Importantly, the SEUPB was incorporated by joint legislation by the British and Irish governments, and acts as a managing and paying authority for the PEACE II and Interreg IIIA programmes. Such a structure tackles divisions between the two national administrations and disputes between the local authorities and communities along the border or communities within Northern Ireland. In particular, it allows the body to act in a neutral, transparent and fair way to manage EU funds, with the support of both national administrations as well as businesses, trade unions and third sector organisations. This is critical for the success of programmes in areas that have suffered from recent conflict or other historical events that causes mistrust between communities.

- **Prosperity: necessary but not sufficient;** local employment development can contribute to peace and reconciliation by *increasing prosperity*, which reduces social exclusion, supports social skills, empowers individuals and groups and diverts attention from political or sectarian issues. But broad economic development is only a necessary not a sufficient condition for conflict resolution.
- **Bottom-up approaches;** partnerships in cross-border areas marked by conflict should take a *bottom-up, participative approach* to economic and employment development. Such approaches should bring different communities together within a neutral 'space' to focus on common economic issues, interact and promote co-operation, whilst addressing the need for *cultural diversity*.
- **The importance of right institutional structures and local trust;** legal forms of partnership alone are very important but insufficient to generate trust between different communities. Local employment development in cross-border localities marked by conflict therefore requires the building of capacity and the implementation of activity 'on the ground' in local communities. It should recognise and build on the particular ways that different communities organise themselves.

Governance of employment development in cross-border localities



- **The right structures of governance;** border areas face particular opportunities and problems that national bodies may be unaware of or unwilling to respond to. Cross-border partnership structures must therefore be put in place at the local and regional level to do what national bodies are unable or unwilling to do.

Øresund Committee

With the completion of the bridge linking Copenhagen with Malmö in 2000 a common vision has been developed for the Øresund region. This vision is promoted and implemented by the Øresund Committee, a partnership between regional and local authorities in Skåne and Greater Copenhagen. Specific activities of the Øresund Committee are based on new initiatives, co-operation and networks to implement regional economic development.

Key roles of the Øresund Committee now include:

- strengthening public ownership of the integration process;
- influencing national authorities and regional actors to eliminate barriers to cross-border employment development;
- continuous development of cross-border infrastructure and a sustainable environment;
- administration of the Interreg IIIA programme; and
- providing information about the region and the Committee through conferences, etc.

- **The key stages of developing a cross-border partnership for employment** are:

- 1) *Networks* for sharing information, advice and guidance
- 2) *Reciprocal agreements* on tax, social security, etc.
- 3) *Partnerships* for co-ordinating the delivery of services
- 4) *Cross-border delivery agencies* for jointly delivering services
- 5) *Complete harmonisation* of local employment development activities and the completion of a common cross-border labour market

- **Local vision;** local employment partnerships, at the outset or later in their development, will need to generate a shared vision and strategy for developing a cross-border labour market. This local employment strategy should fit within a wider cross-border regional development strategy.
- **Local drive;** cross-border co-operation will be usually driven from the bottom-up, since it is easiest to identify shared interests at the local level. But it is hard to create a common strategy where the benefits are unlikely to be shared equally. However, as long as partners on both sides of the border can fulfil some of their objectives, the co-operation has the potential to be successful.



Styria (Austria) - Slovenia Cross-border Territorial Employment Pact

The aim of the Pact is to '*sustain and guarantee the preconditions for a deeper, stable cooperation of the common region relevant for employment and labour market policy.*'

Specific activities of the Pact include:

- a commitment to develop common strategies, implement common projects, exchange good-practice and complete the cross-border pact;
- mobilising the relevant actors (businesses, social partners, regional development agencies, educational institutions, NGOs and other) on both sides of the border;
- exchange of good practice in local employment development;
- co-operation in the field of education and training, e.g. jointly- certified training;
- bilateral meetings on specific issues such as regional development and labour market, cooperation between regional offices of the public employment service, recognition of qualifications, gender equality;
- public relations and information activities to address prejudice and mistrust, especially relating to employment and to stimulate events, discussion forums, etc.

- **A healthy balance between private and public sector activity.** A pre-dominance of public activity can stifle innovation and change management. But a pre-dominance of private activity can fail to cement achievements by not putting in place the right legislation, for example in securing various entitlements (to services, social security assistance, etc.).
- **EU funding post-2006;** as the Structural Funds are reduced in the EU15 countries and their management further decentralised to the national level, new cross-border programmes may require approval from two national governments. Cross-border partnerships should develop a strategy that is not dependent on any one particular source of funding.
- **The right legal forms;** the precise legal form of a cross-border partnership is vital to its effectiveness. Effective cross-border agencies can deliver activity on both sides of a border, reducing costs and improving efficiency through economies of scale. They can also address issues such as entitlements to pensions, through their recognition by national authorities on both sides of the border.
- **European Groupings of Cross-border Co-operation (EGCCs)** should be considered by local actors as a suitable partnership form, post-2006. The European Commission should enable the EGCCs to take financial responsibility for the delivery of cross-border programmes. National authorities should offer legal recognition to the EGCCs and consider them as a delivery vehicle for national programmes.
- **An overall EU policy is needed.** The EU should introduce an overall policy on border issues, including the management of migration and of issues resulting from lack of harmonisation in tax, social security, etc. This policy should be complemented by funding programmes that support *local* cross-border activity in addition to national activities.



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Contact Details

The full thematic reports and thematic summaries and further information on IDELE can be found on the project website: www.ecotec.co.uk/idele

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