



European Commission



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

# Old Industrial and Mining Areas: The Added Value of Local Employment Development

First Thematic report of the IDELE Project

based on an international seminar on 2 July 2004 in Lille, France



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## Introduction

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

**I**dentification  
**D**issemination and  
**E**xchange of good practice in  
**L**ocal  
**E**mployment 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 first thematic summary** considers old industrial and mining areas suffering the problems of industrial decline. It demonstrates the potential of local action to create new economic opportunities through:

- Stimulating a culture of enterprise;
- Creating new jobs;
- Helping unemployed people return to work; and
- Diversifying and “rebranding” the local economy.

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 first IDELE seminar held on 2 July 2004 in Lille, France.



## **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.



## **Old Industrial and Mining Areas: the Added Value of Local employment Development**

Old industrial and mining areas tend to suffer the problems that go with persistent unemployment and economic restructuring, as their traditional economic base has collapsed. Unemployment (particularly amongst young people and older men) and social exclusion dominate the policy agenda, with a constant drive to establish new economic sectors that can take up the excess labour supply. Poverty and social exclusion, poor housing and other forms of deterioration in the living environment and urban fabric are common features of these areas. Significantly for most of these regions, a history of heavy industry and of large firm dominance has denied them a tradition of local entrepreneurship and small independent enterprise. Their skill pools have been rooted in the traditional industries – leaving older but potentially active workers exposed to exclusion in the face of an inability to adapt in the face of change.

The continuing need for physical and economic regeneration of these areas, and the fact that their problems give them a high political profile, gives them a history of policy initiatives and state schemes. Most areas have developed a strong civic society that works alongside the different levels of government. Partnerships and associations are normally well developed – many having been brought into existence to service local development initiatives in the struggle against unemployment. These sorts of regions provide a very particular environment for local employment and development actions by virtue of both the depth and longevity of their economic and social problems and the complexity of the administrative and governance structures that have grown up out of long histories of attempts to deal with them.

In summary terms the sorts of issues that old industrial and mining areas have to face include some or all of the following:

- a tradition of heavy industry and of large firm dominance that gives a narrow economic base and a vulnerability both to short-term employment shocks and long term economic decline as the old sectors confront new forms of competition;
- a weak local tradition of entrepreneurship and small independent enterprise as a product of single sector and large firm dominance and the weight of its influence on occupational and skill structures;
- long-standing, high unemployment, particularly amongst young people and older men and low wages and lack of job security for those women able to find paid employment;
- a complex, long standing and often deeply embedded mixture of social, economic, and environmental problems;
- a low overall level of demand for labour but with the paradox of skill shortages in certain key sectors through an inability to attract and retain the necessary human capital;
- a history of under investment and continuing deterioration in the natural and built environment with special problems in the area of housing;
- a tradition of loyalty to the locality and a strong spirit of community, an established and complex array of civic society forms together with well-established traditions of partnership and association; and



- mixed multi-ethnic populations as a result of immigration prior to industrial decline, sometimes with associated problems of racial tension.

### Lessons from Experience

There is no one-size-fits-all approach to what is needed locally or otherwise to revive old industrial and mining regions. Local specificity is both inevitable and desirable. What works in one locality cannot be transferred in some context-free way to another no matter how similar. This does not, of course, mean that lessons cannot be learned and experiences shared. What it does mean is that there are two components to the IDELE process. The first is about recovering general lessons from best practice examples and the second is about allowing for and learning about the customisation of those ideas to meet the local situation of the recipient.

Outlined below are some “key success factors” and lessons for policymakers and practitioners:

- Maintaining the wide-portfolio approach to attracting investment development. Old industrial and mining areas need still to present themselves as suitable hosts for mobile investment capital in manufacturing industry. As derelict sites are gradually reclaimed, old industrial and mining areas will continue to be well placed to offer good locations for investment. In seeking to attract such investment, it will remain important to keep factor costs of production competitive, promote the area and offer a good ‘support service’ to potential inward investors in terms of help with recruitment, supplying information about suitable sites, etc.
- Adding a new ‘story’ to the traditional approach to employment development. Whilst continuing to attract investment remains a priority, local partnerships in old industrial and mining areas can also add a new ‘story’ to their view of the future. ‘Re-branding’ the locality, hosting sporting and culture events, and discussing issues of “image” are vital here. Increasingly, it is local culture that is being valorised as a means of drawing wealth as well as investment to particular locations. The strength and depth of local partnerships and networks and the extent to which they can be seen as sharing a positive view of themselves and of their city or region’s place in the world is today’s attractive force for new investment.

### Marinha Grande Territorial Employment Pact, Portugal

Marinha Grande is an industrial town in the central region of Portugal. The town has a traditional dependence on manufacturing (accounting for 63.2% of jobs), particularly in the advanced processing of glass and plastics. Faced with a need for re-conversion of the glass-making industry, a partnership led by the local authority and including local entrepreneurs, developed a strategy to increase the competitiveness of the town’s glass and moulding industry for consideration by the Portuguese Government as a ‘zone of excellence’. The success of the partnership is attributed to the strong leadership provided by the local authority and the strength of involvement of local industry representatives. This enabled the identification of specifically local needs relating to competitiveness, as well as the development of a customised local response.

The example of Marinha Grande illustrates the importance of creating a new local ‘image’ (for example based on quality, excellence and co-operation), particularly where an area has a negative one (based on social unrest and strikes in the case of Marinha Grande). Equally important is a structure where local political power (such as the municipality) can have dialogue with local economic power (e.g. local business



leaders) which can widen the scope for action where national or local (public) funding is limited.

[www.cm-mgrande.pt](http://www.cm-mgrande.pt)

- Developing more open and fluid forms of governance. The move from a local economy dominated by a single industry or employer or a dominant sector to one that is diversified requires not just new economic drivers but new forms of governance. Relying solely on the traditional public authorities working in isolation (or even competition) is likely to be insufficient. More open and fluid forms of governance are required to develop new visions, engage new players and more effective local strategies and approaches to economic and social regeneration in old industrial and mining areas.

### **Leipzig, Germany**

The Leipzig URBAN II programme highlights the value of integrated action that involves both employment development and social investment actions in the same locality. In particular, investment in retaining the local population is vital to stabilising the demand for SME products and services. The Leipzig example also highlights the importance of a common agreement between different levels of governance as regards local employment development action, as negotiations at different levels of government can act as a barrier to local innovation.

[www.leipzig.de](http://www.leipzig.de)

- Simplifying and rationalising the proliferation of initiatives. Problems can arise from the sheer proliferation of local employment and development 'initiatives'. Those places that have created a rich and diverse network of local partnerships and local activity – particularly the old industrial and mining regions – have also generated an intense rivalry for public funding among the players. Rationalisation is undoubtedly needed in some places but it is the terms on which this is carried out that will have a profound impact on local development in the years to come.
- Supporting a local culture of enterprise. Localities that have been overly dependent on a single industry or employer need time to build new local cultures of enterprise and the sorts of intermediary support structures that are vital to their economic health. New sources of entrepreneurs need to be sought out and supported and, in this, local sensitivities are critical. Immigrant and "outsider" groups are a source of new entrepreneurs. Social enterprises are also an important potentially innovative business form for old industrial and mining areas. For both commercial and social enterprise development the provision of locally available and "patient" sources of capital and support should be priorities for local policymakers.

### **Community Enterprise Strathclyde, UK**

CEiS is a development agency providing comprehensive, specialised services to social economy organisations in Scotland. These include creating local development companies and intermediate labour market initiatives. By having a team of experts available locally, social economy organisations can have access to specialist support, which would be beyond the means of any one organisation. This includes information on the latest developments in policy and practice, as well as strategic and practical advice about setting up and operating a social economy organisation.



The Development Services Team provides development of innovation and new ways of thinking and delivering practical projects, interventions and partnerships. The Client Services Team works with each client, delivering customised programmes of support services to effect change and growth within social economy organisations.

One of the main thrusts of CEiS' work is about building the financial capacity and assets of individuals and organisations. Despite the wide range of financial services provided by banks and investment companies, a large group of organisations and people still find it difficult to access mainstream finance. CEiS, with its partners, develops projects and new ways of working that build a range of financial services to meet the needs of excluded individuals and organisations.

[www.ceis.org.uk](http://www.ceis.org.uk)

- Reducing the fixed costs of SMEs by the creation of networks. In old industrial and mining areas, SMEs may not have a tradition of looking far outside for market opportunity. Individually they may also see themselves primarily as competitors for the local market rather than potential collaborators able to come together to serve external markets. Partnership approaches between local small businesses can help to establish the basis for appropriate cooperation. Cooperation can serve to reduce the fixed costs of SMEs by enabling the sharing of techniques, technologies, management and communication tools and human resources. Partnership approaches can also facilitate access to finance by creating links to banks and financial institutions or providing loan guarantees.

#### **SARL Cité de l'Initiative, Roubaix, France**

Cité de l'Initiative is an association of 26 enterprises in Roubaix, part of the wider Lille conurbation. The core mission of the Cité de l'Initiative is to support the local textiles and clothing sector through various means, including business networking. The basic principle of the Cité de l'Initiative is the sharing of resources, including techniques, technologies, management and communication tools and human resources, in order to reduce the enterprises' fixed costs and enhance their competitiveness and access to new markets.

This approach has been particularly suitable for very small enterprises and SMEs as it offers the most effective basis for sharing of resources and achieving diversification. The companies also prioritise the employment of groups disadvantaged in the labour market, including the long-term unemployed and young or handicapped people, through insertion activity.

The Cité operates as a French association under the law of non-profit organisation managed by a limited company (SARL) in the form of a Union d'Economie Sociale (UES or Social Economy Union). The partnership is broad, involving the local authority, Région, Département, urban community, national government, EU, consular bodies, European networks, schools and training institutions, trade associations and professional unions, major customers and funding bodies.

[www.citedelinitiative.com](http://www.citedelinitiative.com)



- Customising and complementing mainstream insertion programmes. Mainstream programmes can be made more effective by drawing in local partnerships that can make such programmes more sensitive to local needs and by providing a different type of support. Training and insertion programmes can be ‘fine tuned’ to offer routes into entrepreneurship as well as employment. The large numbers of long-term unemployed people in old industrial and mining areas also require support that is different from that offered to the newly unemployed. They can provide comprehensive ‘re-engagement’ packages covering work experience, training and confidence building, rather than simply seeking to reinsert the individual into a job vacancy.



### **The IDELE Thematic Report Series**

- Old Industrial and Mining Areas: the added value of local employment development (seminar 1 Lille-France seminar)
- The Metropolitan City: seeking competitive advantage through local actions to integrate immigrants and minority groups (seminar 2 Berlin-Germany)
- Local Employment Development in Remote Rural Areas (seminar 3 Rovaniemi-Finland seminar)
- Successful Local Milieux and the Lisbon Process (seminar 4 Cork, Ireland)
- Maximising employment potential: local approaches to lifelong learning (seminar 5 Thessaloniki, Greece)
- Connecting the local: linking local employment and economic development into national and regional governance systems (seminar 6 Faro, Portugal)
- Funding the long term- mainstreaming and sustainable finance for local employment development (seminar 7 Nice, France)
- Cross-border and Transnational Co-operation for Local Employment Development (seminar 8 Copenhagen, Denmark)

### **IDELE Thematic Report series available in the future**

- New Round of Structural and Cohesion Funds: Bringing the Local into Play in the Context of Convergence (seminar 9 Budapest, Hungary)
- Fresh Approaches to Employment Activation and Sustainable Communities: Lessons for the Competitiveness and Employment Regions (seminar 10 Bologna, Italy)
- Sustainable rural communities: local approaches to job generation and learning & skills development (seminar 11 Santiago, Spain)
- Local and the European Employment Strategy: Lessons from IDELE (seminar 12 Brussels, Belgium)



## 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](http://www.ecotec.co.uk/idele)

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