
Thematic Evaluation of the Territorial Employment Pacts

Final Report
to Directorate General Regional Policy

ANNEX III : NATIONAL AND CASE STUDY REPORTS

OCTOBER 2002

by
ECOTEC Research & Consulting
Limited

13B Avenue de Tervuren
B-1040 Brussels
BELGIUM

Tel: +32 (02) 743 89 49
Fax: +32 (02) 732 71 11

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13b Avenue de Tervuren
B-1040 Brussels
Belgium
Tel: +32 (0)2 743 8949
Fax: +32 (0)2 743 7111

Web: www.ecotec.com
E-mail: welcome@ecotec.co.uk

Priestley House
28-34 Albert Street
Birmingham B4 7UD
United Kingdom
Tel: +44 (0)121 616 3600
Fax: +44 (0)121 616 3699

Modesto Lafuente 63 – 6a
E-28003 Madrid
Spain
Tel: +34 91 535 0640
Fax: +34 91 533 3663

6-8 Marshalsea Road
London SE1 1HL
United Kingdom
Tel: +44 (0)20 7089 5550
Fax: +44 (0)20 7089 5559

31-32 Park Row
Leeds LS1 5JD
United Kingdom
Tel: +44 (0)113 244 9845
Fax: +44 (0)113 244 9844

COUNTRY REPORTS AND CASE STUDIES BY ECOTEC'S NATIONAL CORRESPONDENTS

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**National Report on the overall performance of the TEP
Programme:**

Belgium

Prepared by: Stephanie Devisscher IDEA, Brussels

Evaluation of the Territorial Employment Pacts

Country report Belgium

Section 1 of this report describes the TEP programme in Belgium. The detailed information gathered for the case studies of Halle-Vilvoorde and Bruxelles Capitale will be described in Section 2.

Section 1 - TEP PROGRAMME AS A WHOLE

Introduction: Government Context in Belgium

Belgium's federal structure is reflected in the division of responsibilities over different government levels, namely national (Belgium), regional (Flanders, Walloon and Brussels) and local. Economic and labour market responsibilities are divided as follows:

- Employment: national and regional
- Skills and training: regional
- Entrepreneurship: national and regional
- Local economic development: regional.

Employment policy has been partially delegated to the federal member states (the regions). These federal member states are responsible for the implementation of European programmes such as ESF Objective 3 and EQUAL. The selection procedure for the TEPs, therefore, is under the separate authority of the Flemish, the Walloon and the Brussels government. The federal Belgian government does not play a significant role the programme. We will therefore discuss the member state context, the overall pact performance and its effects in Flanders, Walloon and Brussels, respectively.

The following table presents the five 5 Belgian pacts.

TEP	Responsible region	Motive for the establishment of the TEP
Halle-Vilvoorde	Flanders	closure of Renault – Vilvoorde car factory
Tongeren	Flanders	closure of Nova factory
Bruxelles Capitale	Brussels	new form of social dialogue
Ouest du Brabant Wallon	Walloon	closure of Forges de Clabecq steel factory
Hainaut	Walloon	industrial regeneration and existing dynamics from Objective 1 programme

Regarding the concept of a “TEP programme”, a TEP programme at Belgian level did not exist since the regional governments are responsible for that matter. But even at the regional level, no evidence of a TEP programme as such can be found. The governments were aware of the EC Pact programme, however, the TEP projects were treated as individual cases and

supported as such by the governments. The regional governments did not prepare a regional programme for the TEPs, and as a consequence, there is a lack of written documentation on the Belgian Pacts.

We shall now turn to a description of the TEP projects in Flanders, Brussels and Walloon. First of all, we describe the Flemish context of the Pacts in Flanders. There are two Pacts in Flanders, namely Tongeren and Halle-Vilvoorde. The Pact of Halle-Vilvoorde was selected for the case study (see Section 2 A). Following this, we analysed the general context in the Brussels region and made a case study of the only Pact in Brussels, the Pact Bruxelles Capitale (see Section 2 B). There are two Pacts in Walloon, however no cases have been selected here.

A. Flanders

The following analysis is predominantly based on an interview with Louis Vervloet, head of the European Employment Unit of the responsible ministry of the Flemish government. Literature relating to the policy context has also been consulted.

Government context and Pact selection procedure

1. Government context

In 1997, at the time of the TEP's inception, the Flemish labour market policy already had a territorial orientation, especially with respect to the public employment services and vocational training. Public employment services are local in nature. These services organise placement of jobseekers and training courses. There is a tradition of cooperation between the employment services and sectoral organisations, education institutes etc., both at a regional and a local level. Territorial councils (STCs) at regional or local levels represent social partners in the development of the regional employment strategy. In some areas there are regional platforms to develop the area's socio-economic strategy (formed by municipalities, social partners, private sector, NGOs, etc.). Furthermore, local initiatives for employment exist in many places, particularly in larger towns such as Ghent. These initiatives often receive support from the ESF's Objective 3. From this picture, it could be perceived that there is little room for new partnerships to operate.

2. Application and selection procedure

In Flanders, the Pacts started under the stimulus of the Flemish government unit responsible for the ESF programmes in Flanders, the European Employment Unit. It felt, from information provided by the EC initiative, that it would be feasible to have two Pacts in Flanders. The two potential areas were both regions suffering from a recent factory closure. The closure of the Renault car factory in Vilvoorde meant the loss of more than 3000 jobs and affected many smaller suppliers. In the region of Tongeren, the closure of the Nova factory (manufacturing household equipment) had a similar impact.

The European Employment Unit felt that these two local labour market problems could be tackled with a broad labour market partnership according to the TEP methodology. The STCs, the existing local labour market fora of the social partners, developed this idea into a

TEP partnership both in Tongeren and in Vilvoorde. With support from the Flemish government, the Pacts' application was approved by the EC.

3. Attitudes of national, regional and local authorities towards the pacts

The Flemish government helped the Pacts in the selection process by providing pre-financing (but no co-financing). Furthermore, the European Employment Unit followed up the Pacts' activities, to provide information on co-financing sources and support some ESF projects. Overall, there was little interaction between the European Employment Unit and the EC.

Overall performance of the Pacts

1. Extent to which the 4 Programme objectives have been met

From the point of view of the Flemish government, the Pacts' main merit was in showing the potential of a broad partnership approach, especially in the case of Halle-Vilvoorde. This partnership idea has subsequently been imitated in other policy initiatives. The Pacts succeeded in bringing partners together that had a different opinion on social-economic development and no previous tradition of working together.

2. Added value of working methods and actions of the Pacts

The following factors contributed to the positive functioning of the Pact Halle-Vilvoorde:

- a strong leader (the pact co-ordinator) able to mobilise partners and to push the project forward
- the continual dissemination of project results to maintain partner motivation
- real commitment from the partners to contribute to the project in terms of financial resources, human resources or other support
- continuity with respect to the people participating in the Pact.

The Pact experiment has been subject to certain contextual factors that are important for the implementation of the partnership concept, for example:

- Collaboration between EC and the national authorities, eg working groups of national coordinators, on going evaluation or steering.
- The time span for setting up the Pacts (selection procedure)
- The support for project promoters, eg training
- The choice of institutional level at which to establish the Pacts (national, regional, local)
- The optimal scale (number of inhabitants, amount of employees and of jobs in the region)
- The selection criteria: what regions or target groups are targeted by the Pacts?

3. Deadweight of displacements effects

There is no evidence of these effects.

4. Catalytic effects

There is no evidence of these effects.

5. Employment impact

In general, the assessment of the employment impact is positive. There is no evidence of crowding out effects. However, it is difficult to measure the exact impact on employment.

6. Commentary on outcomes

There was a remarkable difference in Pact performance between the two Pacts. In general, the Pact of Halle-Vilvoorde was more effective than the Pact of Tongeren¹ although the impact of the factory closure was probably more important in the region of Tongeren.

Sustainability, Mainstreaming and Multiplier Effects

1. Mainstreaming in SFs 2000-2006

There has been mainstreaming in the 2000-2006 structural funds.

2. Other replication or multiplier effects

The Pact Halle-Vilvoorde will continue to exist although in a larger form. The Pact will become the Pact Vlaams-Brabant with the same type of partners but geographically larger. The Flemish government will support the Pact financially.

3. Necessary conditions for sustainability

The necessary conditions for sustainability are linked to the success criteria and context factors mentioned above, eg leadership, project results, commitment, support to promoters, level of insertion of the Pacts, scale, role of national coordinators and EC.

4. Lessons learned

In Flanders, the partnership concept is present in other policy initiatives but the institutional framework (legislation, organisation of public services) is not yet flexible enough to support partnerships in their project-oriented operations.

B. Brussels

The following analysis is based on an interview with Mr Eric Buysens, Brussels Ministry of Employment, currently responsible for the Pact and involved in the Pact Bruxelles Capitale since 1997. Publications and policy notes about the Brussels policy context were also used as an information source.

¹ Judgement of the responsible authority, Europe Employment Unit of the Ministry of the Flemish Community.

Government context and Pact selection procedure

The institutional context in the Brussels Region is fairly complex. First of all, the responsibility for employment and professional training are spread over many different institutions, some responsible for the region of Brussels, others representing the French or Flemish speaking community.

Another important element in the regional context is the specific character of the labour market in Brussels. There is a relatively high presence of “risk groups” in the labour market, e.g. very low skilled people, people from different cultures (and/ or with language barriers), people with social problems. This has led to high unemployment among the population of Brussels, despite the high level of vacancies in the region. These jobs are instead taken by commuters from outside Brussels, adding to the city’s mobility problem.

Finally, social dialogue in Brussels has always been difficult. There are many different organisations representing employers, employees and other target groups, linked to the strong tradition of local democracy where people organise themselves into interest groups to have a say in policy matters.

The labour market policy context is governed by a regional employment policy, oriented by national policy and EU guidelines. Regional policy is implemented by the local authorities for employment in the different municipalities of Brussel. The establishment of the Economic and Social Council (CES) in Brussels has led to the beginning of a more structured social dialogue in the region.

In the beginning, there was uncertainty about where the Pact would fit within the existing institutional context. There was for instance a need for task division between the Pact and the CES, which was also one of the Pact partners. After a difficult start, the partners agreed upon the action plan. The partnership began with plenary sessions and the establishment of thematic working groups.

1. Application and selection procedure adopted by Member States

Against this background, the Minister for Employment in the Brussels regional government initiated the selection procedure for the TEPs. The general administrator of ORBEM, the public employment service in Brussels, was in charge of the monitoring body of the regional ESF Objective 3 programme, and was appointed as head of the Pact.

2. Attitudes of national, regional, local authorities towards the TEP Programme as a whole in the country and towards specific Pacts

There was a positive attitude on the part of the Brussels government. The local authorities were not involved in the process.

3. Attitudes of other actors (e.g. social partners) towards the TEP Programme as a whole in the country and towards specific Pacts

Not all of the employment actors have been involved. There was some initial scepticism in the beginning of the Pact, however no negative attitudes from other actors have been detected.

OVERALL PACT PERFORMANCE IN THE REGION

1. Extent to which Pacts met the 4 broad Programme objectives

The primary outputs of the Pact are as follows:

- its survival, despite its difficult start due to the lack of tradition of cooperation between social partners, labour market and employment institutions
- the setting up of a forum for social dialogue in Brussels with respect to unemployment, training and entrepreneurship, which brought different actors in the socio-economic arena in Brussels together for the first time

Over the years, the activities of the Pact have proved to complement other labour market forums and projects in Brussels.

2. Added value of the working methods and actions adopted by Pacts

3. Commentary on outcomes on the way to achieving employment and development outcomes

The projects within the pact relate more to problem detection and labour market diagnosis than the operational aspects, e.g. the training of jobseekers, supporting starting entrepreneurs, etc. It is very difficult to measure the employment and development impact.

4. Deadweight/Displacement effects

5. Identification of Pacts' catalytic effects in the territories where they operated

The Pact was able to mobilise considerable public funding (eg ESF Objective 3 funds, ORBEM) for its projects. However, few local resources have been mobilised.

6. Employment and development impact and commentary on the quantification of such impact

As mentioned earlier, it is difficult to measure the employment and development impact especially since the nature of the Pact in Brussels focusses primarily on institutions rather than operations.

7. Problems/obstacles faced

A remarkable fact is the partners indicate the Pact's limits. First of all, with respect to the number of partners. If you involve too many representatives, the progress of the activities might be slower. It takes more time to reach consensus. Secondly, the Pact is no place for decisions. Decisions are taken in the public bodies and representative organisations. The pact is an experimental area and an area for discussion.

Sustainability, Mainstreaming and Multiplier Effects

1. Mainstreaming in SFs 2000-2006

The Pact has been developed as an institutional instrument in the Brussels region. It will continue to exist at least until 2006 as it is part of the 2001-2006 ESF Objective 3 Programming Document. Thereafter, it might become redundant in the sense that the social dialogue that was initiated by the Pact will be organised in a more specific and structured way.

2. Other replication and Multiplier Effects

There is no evidence of other effects.

3. Necessary conditions for Sustainability

The necessary conditions for sustainability in the Brussels context are:

- support and recognition from the Ministry of Employment
- logistical support from the pact coordinator
- the effectiveness of task division between different partnerships in the Brussels labour market

4. Lessons learned

At the regional level, the most important lesson is that social dialogue is difficult but possible.

C. Walloon

The following analysis is predominantly based on an interview with Mr Jak Pjetri, the advisor to the ESF unit of the Walloon government. Since it is not our purpose to make a detailed analysis of the TEPs in Walloon and since information is very fragmented, we will briefly discuss some main issues of the Walloon Territorial Employment Pacts.

Member State Context

1. Governance context

The two TEPs in Walloon were set up via different ministries. The TEP Hainaut was supported by the ESF unit of the Walloon government on behalf of the Minister of Employment. The TEP in La Louvière was supported by the Minister of Economy.

According to the ESF unit, the partnership concept existed already before the TEPs, through the Objective 1 and 2 programmes. Therefore, room for the Pacts to fit with existing activities

seemed limited at first sight. Also, the intercommunales² that coordinated the TEP Hainaut were not considered to be the competent institutions for setting up the TEP partnerships.

2. Application and selection procedure adopted by Member States

As mentioned before, the Pacts were supported via a different Ministries. The ESF unit advised the TEP Hainaut on their a draft action plan.

3. Policy and intervention context at the start of the Pacts and today.

Employment policy is designed to solve the problem high unemployment in the Walloon region, especially among women. Many Belgian regions suffer from industrial decline, and are recognised as Objective 1 or 2 regions. Industrial diversification and re- or upskilling of the labour force were and are the main concerns for the policy makers, as regeneration has been a slow process.

4. Attitudes of national, regional, local authorities towards the TEP Programme as a whole in the country and towards specific Pacts

Please see point 1 (governance context).

5. Attitudes of other actors (e.g. social partners) towards the TEP Programme as a whole in the country and towards specific Pacts

There is no specific information available on the attitudes of other partners.

OVERALL PACT PERFORMANCE IN THE COUNTRY

We will summarise the TEP's action plans, the partnership and the financial resources since there is not enough information available to evaluate the overall pact performance. The scale of the two Pacts is different: the TEP in Hainaut covers a region equivalent to a Belgian province whereas the TEP of Ovest Brabant covers 4 towns.

1. Partnership

- TEP Hainaut

The final partnership of the TEP is large and diverse. It predominantly represents the regional and the local government, social partners and education institutes.

Founding partners include:

- Walloon government
- The towns of La Louviere, Mons, Charleroi
- IDEA and IGRETEC Intercommunales

² Institutions representing different municipalities and performing public tasks like waste collection and water supply. Some also coordinate local economic development.

- FGTB and CSC trade unions
- Chambers of Commerce
- Employers, UWE.

Other members include:

- Universities and educational institutes, including Mons, Louvain-la-neuve, INISma
- Archipel
- Alcatel
- ADESCAT (the development agency for Soignies)
- IBC.

- TEP Ouest du Brabant Wallon

The TEP is concentrated in the the ID Centre, which coordinates the regeneration activities in the region. The ID Centre was originally created as a “one stop shop” for business in the region but also became responsible for the partnership activities in the region by means of the TEP. The centre is structured along three pillars; partnerships have been created relating to each:

- Economic development: a wide range of partners, namely EC (EFRD), regional and local government, universities, Chamber of Commerce, private sector (financial institutions), public energy company and EBN (European Centres for Entrepreneurship and innovation).
- Training and employment: social partners in the region, local government, training providers and employment services
- Civic activities: mainly cultural centres and lifelong learning providers

2. Action Plans

- TEP Hainaut

The partnership has been developed around six themes, namely:

- Technological innovation
 - Supply and demand for training
 - Development of enterprise clusters
 - Job stability and job creation
 - Rescheduling of working hours
 - Development of neighbourhood services
- TEP Ouest du Brabant Wallon

The action plan is developed around the three themes and represents a multitude of initiatives (organisations), projects and concepts. The projects vary from business support, guidance for job seekers to information campaigns about the regeneration activities.

3. Financial resources

- TEP Hainaut

Financial resources for the action plan are:

- EC (EFRD)
 - EC (ESF)
 - EC (DG XVI, DG XXIII, salons IBEX)
 - Private sector
 - Government of Walloon
 - Regional funds (Fonds Etrave, Fonds d'Economie Sociale, SOWECSOM)
- TEP Ouest du Brabant Wallon

The partners contributing financially to the TEP are:

- EC (TEP subsidy)
- Province
- EC (EFRD)
- Government of Walloon (Région Wallonne and Communauté Française)
- Private sector

Sustainability, Mainstreaming and Multiplier Effects

1. Mainstreaming in SFs 2000-2006
2. Other replication and Multiplier Effects
3. Necessary conditions for Sustainability
4. Lessons learned

There is no information available with respect to this topic.

Section 2 - CASE STUDIES

<i>CASE STUDY 1: TEP Halle – Vilvoorde</i>
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The case study of Halle-Vilvoorde is based on interviews, an evaluation meeting and desk-based research.

An interview was held with:

- Mme Sonia Stuyts, pact coordinator

All partners of the Pact were invited to the evaluation workshop. The following representatives participated in this meeting:

- Mme Nancy Van Espen, chair of the Pact plenary sessions, UNIZO
- Mr Erich Segers, Government of the Province Vlaams-Brabant
- Mr Frans Corneel, Intercommunale Haviland
- Mr Rudy Van Melaert, GOM Vlaams-Brabant
- Mme Linda Van Reeth, Mr Lode Van Look, Mr Juan-Luiz Caballero, STC Halle-Vilvoorde

The desk-based research is based mainly on the Pact's action plans, progress reports and project results.

1. The Background to the Pact:

- Spatial context and economic characteristics of the Territory:

The Pact Halle-Vilvoorde is situated in an urban/industrial area, close to the capital city of Brussels. The area contains large industrial sites such as Vilvoorde, some of them suffer from industrial decline and need to be redeveloped. The national airport of Zaventem is important for the economic activity in the agglomeration of Halle-Vilvoorde. Not only does the aviation industry create direct employment up and around the airport, but the airport creates indirect employment in supplier businesses. Moreover, the airport is an attractive factor for the location of distribution centres and headquarters.

- Labour Market context

The Pact was launched during an upturn in the economic climate with falling unemployment. The unemployment rate stood at 4%³ and there were a many unfilled vacancies. However, the region's dependence on multinationals turned out be a weak point: the closure of 1 large plant could have considerable consequences for the local labour market. This is what happened in

³ The unemployment rate in Flanders amounted to 5,1% in 1997. The average unemployment rate for Belgium was 8,8%. Source: Steunpunt WAV.

the case of Renault Vilvoorde. The unexpected closure of the Renault factories in Vilvoorde, where thousands of jobs were lost, was the main stimulus for the Pact's establishment.

- Employment policy and intervention context

The region of Halle-Vilvoorde is under the authority of the federal Belgian Ministry of Employment and the regional Flemish Minister for Employment. The federal competences are in the field of social security and unemployment benefits. The regional employment competences are mainly in the field of employment services and training and education.

In the area of Halle Vilvoorde, employment and economic policy was being implemented by several different actors: STC Halle – Vilvoorde (the local labour market steering committee of social partners and the public employment service), the Province of Vlaams-Brabant; the Economic Development Agency (GOM Vlaams-Brabant); third parties and local initiatives. Training institutions also contributed to the development of the labour force at the local level, e.g. through VIZO (training for SMEs and self employed people). However, there was no level where economic and employment actors met. The TEP Halle-Vilvoorde filled this strategic gap.

The existing partnership for employment, STC Halle-Vilvoorde, brought together several labour market actors to develop the regional employment strategy. The Employment Office of Renault was another existing initiative created in order to find new jobs for the workers who lost their job because of the closure of the car factory.

- Governance context and strategic fit

As described above, many partners were working in the field of employment and training on the one hand and economic development on the other hand, but there was scope for more collaboration between all these actors in the field.

The Ministry of the Flemish Community, who is also responsible for the implementation of the European Structural Funds in Flanders, was aware of the situation in Vilvoorde. The Ministry also understood the possibility of receiving support from the EC for Territorial Employment Pacts. Apart from the observation that there were already three pacts in Belgium and none in Flanders, no specific opportunities were defined. So the Ministry strongly encouraged the STC Halle-Vilvoorde to start up the TEP Halle-Vilvoorde. With support from the European Employment Unit, the partnership was formed and selected by the EC.

- Application process

The proposal for the Pact Halle-Vilvoorde was submitted to the EC via the European Employment Unit of the Employment Department in the Ministry of the Flemish Community. Their first application in 1997 was approved and the Pact received a subsidy until the end of 1999. Thereafter, a second application was submitted and the Pact received more support until the end of 2001.

2. Direct outputs and results of the TEP

- Pact mission

The main objective of the Pact was to create employment in the region and to maintain existing jobs. The partners defined three specific objectives for their integrated action, namely:

- combating structural unemployment in the region Halle-Vilvoorde
- set up preventive actions in order to prevent unemployment
- to create jobs in the region

The partners had a clear common understanding of the objective and a string commitment to cooperation. In the early stages of the partnership, the objectives were translated into 18 action points.

- Extent to which Pacts met the 4 broad Programme objectives:

o Bottom up approach:

Although it was the Flemish government who instigated the Pact, the partnership was built through a bottom up approach. The STC president succeeded in bringing together local labour market and economic actors. The private sector was also represented in the partnership, allowing short term local need to be tackled (e.g. Renault's sudden large lay-off). The SWOT analysis made in the first year of the Pact helped to define the needs of the region. In this way, the Pact could ensure that it was relevant to real needs and did not duplicate previously existing activity. The SWOT analysis was based on the Social and Economic Development Plan (SEOP) of the Vlaams-Brabant Province, one of the Pact's partners.

The SEOP had a broad support from most social-economic actors in the Province, many of them also Pact members (eg GOM Vlaams Brabant, social partners). The SWOT for the TEP region of Halle-Vilvoorde was refined with respect to the SEOP to take into account the regions specific characteristics. Moreover, the partners felt that they could create synergies by working together at a local level eg in the field of training, relocation of workers, job creation and economic development.

o Broad based partnership

As mentioned above, the partnership is built of many different types of players. There are 12 partners in total, representing the following types of partners:

- local authorities (town council, inter municipality institution)
- regional authorities (province, provincial development agency)
- public employment service
- social partners (unions and employers)
- private companies (Renault)

The STC Halle-Vilvoorde was the only previously existing partnership: it is a platform for regional labour market issues and members are mainly social partners. The Pact formed a new meeting place for local economic and social partners. There was a commitment from all partners to participate: a task division per action was defined in the action plan. For example,

Action 2 in the action plan of Halle-Vilvoorde focused on the mapping out of, and promotion of education and training provision in the region; its discrete tasks were divided between its partners VDAB, Vlaams-Brabant Province, and other partners like NGOs and SME trainers.

The partnership went through an orientation phase. Since they had little tradition in working together before the Pact, they had to understand each others competences and working methods, had to learn how to work together, how to express their opinion etc. But since there was strong support for the common objectives, the partnership developed an open working atmosphere, which became of the most important advantages of the partnership.

Finally, the Pact is an open partnership: external partners could participate in the projects. A distinction was made between the central partners of the TEP partnership and the operational and ad hoc partners. The central partners signed the action plan and attended the Pact's plenary meetings. The operational partners contributed to the implementation of projects, however, the activities of the Pact and its central partners also involved other organisations:

- NGO's
- Enterprises in Halle-Vilvoorde
- Municipalities and local social services ("OCMW")
- Flemish Association of Towns and Municipalities
- STC vzw
- Opbouwwerk Haviland
- Other players active in employment, training, and in all aspects of project development within the Pact.

- Integrated strategy

The following elements of integrated strategy were present in the Pact:

- Participation of the demand side of the labour market (employers, economic development), the supply side (unions) and labour market intermediators (employment services)
- The action plan also incorporated demand side elements (eg the development of industrial sites) and supply side elements (integration of the unemployed, traineeship for jobseekers).

The strategy takes into account the overarching strategy of SEOP, the social-economic development plan for the province Vlaams-Brabant.

- Innovative elements of Pact's activities and working methods

Innovative elements in the Pact are linked to elements of the Pact's organisational structure and to issues related to the activities of the Pact.

1. Organisational structure

The partners work in an open atmosphere where decisions are generally based on consensus. The fact that all partners have an equal weight in the sessions of the Pact is crucial its

functioning. This level of co-operation was brought about through an innovative learning process.. The partners look for synergy through coordination of activities and the development of new actions adapted to local needs in the area of local employment policy and actions. This has led to an innovative organisational structure.

2. Activities

Creativity and innovation were important in designing and implementing the Pact's projects, as the Pact partners have different competencies and responsibilities. Moreover, competences with respect to the labour market are divided over several levels of government (national, regional, local). The national financing mechanisms for labour market projects also follow this division of competences. This is a typical Belgian situation that is a real challenge to the partners. One example of this creativity in design is the organisation of traineeships for unemployed people. Together with the Flemish public employment service VDAB, the best official procedure was selected in order be able to give traineeships to unemployed. In this way, problems with the social insurance (which is a federal competency) could be avoided.

3. Pact's specific objectives and progress (relevance of approach to local context)

In order to examine the extent to which the TEP's specific objectives have been achieved, we can compare the action plan of 1998 with the final report 1997-1999. We have also utilised the comments by the Pact coordinator, the partners and the responsible authority.

In general, it can be said that the pact has been working around the action plan set up in 1998. In 1998, the three objectives were:

- To combat structural unemployment in the region Halle-Vilvoorde
- To set up preventive actions tackling unemployment
- to create jobs in the region

These objectives were directly translated into 18 actions. It is clear that not all of the 18 actions were finalised by the end of 1999. There was diversity between the actions in terms of scale (number of partners), activities and results. Some actions were realised fully, some partially, others not at all. Some actions were continued in the extension period (the Pact's lifespan was extended until the end of 2001). These actions can be considered as indirect actions of the Pact in the sense that the TEP did not finance the actions. The table in section 4 below discusses the actions in more detail.

The Pact was extended to the end of 2001. In the period 2000-2001, the same action plan was followed. By the end of 2001, the Pact had decided to continue still further, to enlarge the partnership and to reformulate the strategy of the Pact taking into account changes in the economic climate, for instance the difficulties in the aviation industry and the bankruptcy of SABENA, Belgium's national airline company.⁴

4. Indirect outputs and results relating to employment and economic development

The following table gives an overview of the actions undertaken by the Pact partners in different areas, e.g.:

⁴ Territorial Employment Pact Halle-Vilvoorde, Final report 2001

- Employability: the *Samen Werkt* traineeships to lead to permanent jobs (about 25% of the participants obtained a permanent job in the 1999 programme).
- Entrepreneurship: support to former Renault workers in order to start up their own business.
- Adaptability: the mapping of training and education provision can contribute to adaptability through the development of better and more efficient training programmes.

The table contains the results of the 18 actions mentioned in the Action Plan of the Pact, as well as the partners involved in the implementation.

Action	Outputs	Partners
Action 1 Inclusion of the unemployed into the economy	<ul style="list-style-type: none"> • Traineeships for the unemployed (“Samen werkt”) • Evaluation and recommendations 	TEP partners + external partners
Action 2 Mapping of and promotion of training supply	<ul style="list-style-type: none"> • Information system and website 	VDAB (TEP) Province Vlaams-Brabant (TEP) External partners
Action 3 Adaptation of education provision to business needs	<ul style="list-style-type: none"> • Business survey (small scale) • Discussion groups 	TEP partners + external partners
Action 4 Employment opportunities in the health and care sector	<ul style="list-style-type: none"> • Study 	TEP partners + external partners
Action 5 Organisation of training in companies	<ul style="list-style-type: none"> • Planning of actions 	TEP Partners + Sectoral Funds
Action 6 Campaign for dissemination of government employment measures	<ul style="list-style-type: none"> • Recruitment of information officer for businesses • Information for local governments 	TEP partners
Action 7 Individual pathways: support to integration services	<ul style="list-style-type: none"> • Development of tool 	TEP Partners + external partners
Action 8 Additional enterprise zones in Halle-Vilvoorde	<ul style="list-style-type: none"> • Specification of zones 	TEP Partners
Action 9 Employment in wrongly located enterprises	<ul style="list-style-type: none"> • Individual actions by TEP partners 	TEP Partners
Action 10 Child care and	<ul style="list-style-type: none"> • Organisation of child 	TEP partners Many external partners

neighbourhood services	care for ill children in the region	
Action 11 Social Economy	<ul style="list-style-type: none"> Feasibility study 	Province Intercommunale Haviland GOM AEW Integra (Integra in Flanders) Other partnership “Kanaal 127”
Action 12 Employment in the green area services and monument care	<ul style="list-style-type: none"> Feasibility study in order to extend existing project 	1 TEP partner + external partners
Action 13 Signing contract between GOM Vlaams – Brabant and VDAB	<ul style="list-style-type: none"> No specific actions 	2 TEP partners
Action 14 Appointment of training and employment consultant in SME organisations	<ul style="list-style-type: none"> No specific actions 	TEP partners
Action 15 Transfer of candidates for training and employment	<ul style="list-style-type: none"> Via project individual pathways (Action 7) 	TEP partners + external partners
Action 16 Political refugees	<ul style="list-style-type: none"> Dissemination of integration study results 	TEP partners + project coordinator
Action 17 Guidance for Renault employers to self employment	<ul style="list-style-type: none"> No information on specific actions 	TEP partners + external partners
Action 18 Renault Employment and Reconversion Unit	<ul style="list-style-type: none"> Continuation of existing activity (until summer 1999) Survey of actions undertaken by the Renault employment unit Description of methodology 	Renault Reconversion and Employment Unit (TEP) GOM Vlaams Brabant (TEP)

Among these actions, the following activities are considered to be the most successful indirect results of the Pact:

- The mapping of training and education provision in the region. This project was a kind of pilot for the Edufora, training coordination centres set up by the Flemish government in Flanders.
- “Samen werkt”: traineeship scheme for job seekers. Very successful with the demand oriented approach in 1999. The improving economic climate aided its success.
- Development of a methodology of finding new jobs for the Renault workers, which could be transferred, e.g. to the former workers of Sabena.

The following factors were found to delay or impede the actions:

- The lack of project financing is an obstacle to implementing new ideas, as in each case the partners have to look for financing from different European, national, regional and local programmes.
- It was difficult to persuade municipalities to contribute, financially or otherwise, to the Pact at the end of their policy cycle.

The role of monitoring and evaluation:

In addition to the reports to the European Commission, there was an informal internal system of monitoring and evaluation. The central steering group discussed the progress of the Pact with respect to the 18 defined actions. Finished projects were usually evaluated in the central steering group. The Pact coordinator was responsible for the financial administration.

5. Additional benefits of the TEP

The following additional benefits of the TEP were detected (linked to the direct results of the Pact):

- Because of the Pact, the economic and employment partners in the region of Halle-Vilvoorde established a forum for discussion, information exchange and cooperation. There is now better common understanding of the social-economic problems in the region among the different socio-economic actors in the region.
- The partners stated clearly that although the region is an economically prosperous area, there are still needs among specific target groups (non-native individuals looking for work, mothers returning to work, low income families with housing needs, enterprises in need of space) or specific issues in local areas that need attention.
- As a result of the diversity of partners in the Pact (namely employers, unions, public services, and the private sector), learning effects were produced for the individual operations of the partners, e.g. solutions for common problems, sharing knowledge about the labour market and the economic situation. Moreover, the working groups around specific actions increased knowledge about the partners competencies and potential bottlenecks.

6. Management of Pacts

- Management structure:

The management structure of the Pact is relatively small: a central group with 12 partners takes decisions. The president of the Pact and the pact coordinator prepare and coordinate these central meetings. Working groups are created for the implementation of the different projects. The partners participating in each project are represented in the working group for that project.

The Pact receives support from 2 staff members of the STC vzw organisation. Partners of the STC are partners in the Pact, and the Pact Coordinator has an office in the same building as the STC vzw. The Pact coordinator for the initial TEP period (1997-1999), Annemie De Crick, was replaced by Sonia Stuyts at the beginning of 2001.

This organisational structure seems to work well and is supported by the Pact members. This is clear from the partners' comments, and also from the fact that the Pact continued in its original structure until the end of 2001. There is no legal structure for the Pact. Although this not necessary for the internal functioning of the Pact, it is seen as a weak point when applying for project subsidies.

There was a positive feeling with respect to the participation of the EC representative in the Pact, e.g. in terms of advice on TEP strategy. Also the EI2000 national expert was described as very helpful to the Pact. The support she provided was mainly in terms of information on EC procedures, partnership approach and financial issues.

- Pact resources:

Spend can be divided into spend on the management of the Pact and on its actions. We give an overview of the different types of contribution to the Pact:

- The EC financed the TA of the Pact (315,000 euro in 1997-1999)
- The Flemish government did pre-finance the Pact but did not finance it. The pre-financing included the following: the advance for the first TEP period. This was provided on the condition that the necessary documentary evidence was submitted. As soon as the EC resources were received, the prefinanced amount was reimbursed by the Pact to the Flemish Government. The prefinancing was provided in order to avoid financial problems influencing the continuity of the Pact.
- Other partners contributed to the Pact but in different ways
 1. Human resources: time spent by people attending the Pact
 2. Human resources: time spent by people implementing projects
 3. Financial resources: financial contribution to management of the Pact or Pact projects
 4. Logistic resources: accomodation for meetings, photocopies, translation

Most partners provided type 1 and 2 of support. Some partners provided financial support (especially GOM Vlaams Brabant and Province Vlaams Brabant). one partner provided important logistic support (STC vzw). The financial resources of the Pact are summarised in the tables below.

Income (euros)

	EU	Public	Private/ other	Total
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1997-1999	177,681	73,723	4,099	255,503
2000-2001	152,043	104,933	1,057	258,034

The information is based on the financial accounts of the Pact (1997-99 and 2000-01).

Spend

1997-1999	Management of the Pact (rent, wage of coordinator, office supplies, etc.) Seminars Project courses LEONARDO Consultancy firms
2000-2001	Management of the Pact (rent, wage of coordinator, office supplies, ...) Seminars Consultancy firms

Financial partners:

Technical assistance was financed by:

- EC
 - GOM Vlaams-Brabant
 - Province Vlaams-Brabant

Projects were mainly financed by:

- EC (ESF Integra, LEONARDO)
- STC Halle-Vilvoorde
- Province Vlaams-Brabant
- Intercommunale Haviland.

Since the EC does not subsidise projects, every project needs to be additionally financed. This is a difficult process, where one needs close interaction with central, regional and local authorities. A large number of projects were co-financed by European funds, e.g. ESF funds Objectives 3 and 4, and LEONARDO. The partners provided the rest of the necessary financial resources.

The input per partner was not clearly defined in the beginning of the Pact. The partners agreed to bring in what was necessary. The input from the partners was of different types (see above), financial but also in kind, e.g. provision of meeting rooms, etc.. In turn the partners expected “return on investment” but this can be interpreted very broadly.

The financial plan for the Pact and its activities was vague in the beginning. The idea was to agree first on what could be done, and once this had been decided, the activities could be budgeted in more detail.

7. Dissemination and networking activities

- Dissemination:

The Pact had an internal communication system (for administrative and organisational purposes) but did not really follow an external communication strategy. There was a website but no general newsletter or media presentations. The main dissemination channels were the publication of the project results, e.g. studies and project descriptions via the TEP and the operational partners depending on the nature of the project.

- Networking:

On a national level, there was limited cooperation with other TEPs in Belgium (e.g. TEP Bruxelles Capitale). one general meeting was organised by the EU national expert of EI2000 and attended by all 5 TEPs.

The international networking: the Pact participated in international partnerships (utilising information exchange but not taking a very active role). The Pact attended international conferences with varying degrees of success, for example the Turkey conference was very useful for networking in contrast to the one in Naples). Finally, the Pact was visited by delegations from Estonia and Hungary. The Pact found some interesting good practice in the TEPs abroad, however there is no evidence available on the replication of this good practice.

8. Mainstreaming

The Pact will continue to exist and it will be enlarged to become the Pact Vlaams-Brabant (the province where the region Halle-Vilvoorde is situated). It is not yet clear what kind of strategy and objectives will be followed. The Flemish government will partly subsidise the Pact Vlaams-Brabant. This subsidy can only be used for the operations of the coordinating unit, namely the wages of the coordinator and administrative assistant, and operational costs.

There was an initiative of the Flemish TEPs to mainstream the Pact philosophy everywhere in Flanders but this idea has not been accepted. The reason is not clear.

9. Assessment of overall added value of the TEP

According to the partners of the Pact, the main value of the TEP instrument lies in its flexibility. The EC initiative left the partnership freedom in its organisation and this allowed a bottom up approach to be taken in Halle-Vilvoorde. It allowed local partners to act in more strategic and structured way concerning labour market issues.

The TEP Halle-Vilvoorde was a new type of partnership in the region. It would not have existed without the EC initiative. It contributed to the promotion of the partnership approach in Flanders.

International networking was also positively evaluated (see above).

In terms of employment and economic development the TEP created transfer of knowhow (training, mapping of provision, outplacement and relocation methodology). Wider employment effects are difficult to assess.

<i>CASE STUDY TWO: TEP Bruxelles Capitale</i>

The case study for the TEP Bruxelles Capitale is based on interviews with the following people:

- Mme Isabelle Rauis, assistant Pact coordinator
- Mr Frans De Keyser, UEB (Union of Brussels Enterprises, member of CES)
- Mme Jocelyne Pirdas, Bruxelles Formation
- Mme Sabien Vanbuggenhout, Conseil Economique et Social
- Mr. Donnez, SDRB Société de Développement Régional de Bruxelles

Further information was derived from reports, action plans and papers.

1. The Background to the Pact:

- Spatial context and economic characteristics of the Territory

The Pact Bruxelles Capitale is situated in the metropolitan area of Brussels, the capital of Belgium. This area is a centre of national and international economic activities located in different smaller and quite separated areas within the region. Its economic structure is linked to the capital function for Belgium and for the federal regions in Belgium. The Belgian government, the Flemish government, the Walloon government and the government of the Brussels region are all based in the city. Brussels is also the location of the European Commission and many other European and international institutions.

- Labour Market context

The main problem in Brussels is the composition of the labour market. In 1997, the unemployment rate was about 19% compared to 5.1% in Flanders and 8.8% in Belgium⁵. Many other social problems are related to this employment problem, like poverty, crime, discrimination. Moreover, many employed people in Brussels live outside Brussels and commute daily, adding to the city's mobility problem.

The two main challenges for the Pact were the high unemployment rate in the Brussels area (almost twice the rate in Flanders and Walloon), and the problem of discrimination and poor education. Therefore, the Pact has been concentrating on the inclusion of disadvantaged groups into the local labour market.

- Employment policy and intervention context

⁵ Source: Steunpunt WAV. ILO definition of unemployment.

The existing employment policy comprises several elements. First of all, central government policy (covering social security and sectoral agreements). Secondly, the Brussels government is authorised to organise training and labour market intermediation. Thirdly, there are local initiatives in place (for instance neighbourhood councils).

- Governance context and strategic fit

The Pact was established at an institutional level, a level where social partners meet to discuss socio-economic issues. Partnerships *were* in place before the Pact, for instance between employers and the ORBEM (Brussels' public employment service), and between ORBEM and Bruxelles Formation. However, there was no large forum of nearly all the partners involved in the Brussels labour market. There had been a few attempts to start a dialogue between social and economic partners. The CES, where social partners and the government meet, had been established but was not yet fully operational. This gap has been partly filled by the Pact.

The institutional context of Brussels is very specific (see also Section 1). It is a geographically small region with its own government and a complex network of government institutions and social partners. Unlike other Pacts, the partners are not subordinate to higher levels of public services. This makes the distance between government and the partners very small. For example, the public employment service of Brussels, ORBEM, is responsible for the Objective 3 secretariat in Brussels, and is also the coordinator of the Pact.

- Application process

The application process was facilitated by the Ministry of Employment and the monitoring committee for ESF Objective 3 in Brussels. The secretariat of this committee was in ORBEM and the director general of the ORBEM was head of the committee. The concept of the partnership came initially from ORBEM in collaboration with the Ministry of employment. ORBEM worked out the partnership idea, in the initial stage with a few partners and later on with the complete partnership.

2. Direct outputs and results of the TEP

- Pact mission

The mission of the Pact can be derived from the action plan 1998 approved by the EC and is formulated as follows: "to increase the possibilities for growth and employment, especially for the underskilled jobseekers. Every partner is committed to do more for employment in his own environment.". The concrete objectives of the Pact are concentrated around six themes under which the actions are to be undertaken by the partners:

- equivalence of labour supply and demand
- local and social economy
- stimulation of promising growth sectors
- new enterprises and growing enterprises
- structural changes in enterprises
- discrimination in hiring new employees

Overall, these common objectives were clear to all partners, who committed themselves to work towards them. However, not all of the objectives have led to an active approach (please see below).

- Extent to which Pacts met the 4 broad Programme objectives

In general, the Pact has elements of the bottom up approach, a broad based partnership, integrated strategy and innovation, as discussed in the four paragraphs below.

- Bottom up approach

The bottom up approach is reflected in the way the partners take decisions in the Pact, and in the way the activities are organised. The decisions in the coordinating steering group are based on consensus between all partners, so every partner can contribute in an equal way to the progress of the Pact. This requires an open atmosphere where all partners actively participate and express their opinion. If not, the decisions can be taken with silent but not necessarily consenting partners.

Bottom up also means the participation of stakeholders from outside the Pact, even of individuals representing target groups of the Pact. In the thematic groups where projects are discussed, the Pact tries to bring together all local partners involved in the implementation of the project. By listening to the testimonies of local employers and by inviting representatives of the non-native population, the partners aim for a realistic design of the project and for commitment at all levels.

- Broadly based partnership

The partnership is a new partnership in the sense that it did not exist in the same form before the Pact (see also 1 Background). However, the Pact was partly built of existing smaller partnerships so there was a certain degree of cooperation preceding the Pact. The Pact was open and formed by ORBEM, the coordinator. Not all employment actors in the territory are involved in the partnership. However, participation is encouraged, as well via the thematic groups as well via a broader partnership after the year 2000.

The thematic groups, one per objective, are open to all actors involved in the issues discussed there.

The partnership is broad based, however the private sector is not (yet) present in this “institutional” partnership except indirectly via the employer organisations (in the Social and Economic Council). The partnership will be enlarged in its continuation during the period 2001-2006. The partnership does not yet include the private sector. The participation of the private sector is mentioned as one of the objectives in the action plan 2001-2006.

In 1997-1999 the partnership comprised:

- regional government (Brussels)
- public employment service
- other government bodies like Social and Economic Council

- others bodies, for example the regional development agency, regional investment agency, tourism agency, port of Brussels, Teleport, professional training institutes, SME training providers

There is variation in the degree of involvement of the partners. Some partners were present from the beginning and have been active throughout. Others have been following the activities from a distance (e.g. not always attending the steering group meetings) and increased their participation depending on the topic. The following table summarises the involvement of the different partners:

Task	Partners involved	Type of involvement
Identifying needs	ORBEM	Active
Defining the Action Plan strategy	ORBEM + 3 other partners	Active
Implementing the Action Plan	All partners	Active and consultation
Monitoring of activities	ORBEM (Pact coordinator)	Active
Involved in Pact projects	All partners are involved	Active, consultation, non-active
Evaluation and review of the Action Plan	<ul style="list-style-type: none"> ▪ ORBEM ▪ All partners 	<ul style="list-style-type: none"> ▪ Active ▪ Consultation and approval

The partnership is based on the action plan which was signed by all partners. There has been no further formal agreement between the partners, however there is an informal commitment to participate and to contribute in some way. The Pact has one staff member, namely a practical coordinator (paid through the EC subsidy).

- Integrated strategy

Integrated strategy: there are elements of both labour market supply and demand in the action plan of the Pact reflected in the six objectives:

- *equivalence of labour supply and demand*
- *local and social economy*: demand side, job creation
- *stimulation of promising growth sectors*: demand side (job creation) and supply side (training in ICT)
- *new enterprises and growing enterprises*: demand side, job creation
- *structural changes in enterprises*: supply and demand side
- *discrimination in hiring new employees*: demand side

Moreover, the strategy of the Pact is integrated into the overarching policy strategies in Brussels (1996). These strategies are formulated in three policy notes, namely:

- *“Davantage d’emplois pour les Bruxellois dans une économie urbaine plus solidaire”*, Ministry of Employment
- *“Plan dynamo”*, Ministry of Economy
- *“Développement économique et emploi pour la région de Bruxelles Capitale”*, the CES.

The Action Plan of the Pact was informed by these policy notes during its development.

- o Innovative elements of Pact’s activities and working methods

Innovative activity in the Pact included:

- a new combination of partners leading to a new start of the social dialogue in the Brussels region. As mentioned before, the Pact partners had not worked together in a similar way before. one of the reasons was the difficulty to organise the social dialogue in Brussels. In the Pact, synergy was produced from working together in order to tackle the existing problems of the Brussels labour market.
- a new approach: working in thematic groups (one group per Pact objective) to discuss possible projects and follow them up. All stakeholders were invited to the thematic groups so there was a broader participation than among the Pact members. Through collaboration with the target groups e.g. SMEs, shopkeepers, representatives of ethnic minorities, a “down to earth” and realistic approach to the projects was ensured. This collaboration might have been participation in the thematic group, the past experiences of streetworkers, or listening to the opinion of individual employers.

3. Pact’s specific objectives and progress (relevance of approach to local context)

For the Pact coordinator and the partners the objectives of the Pact in terms of partnership and joint pilot projects have been reached. The main benefit of the TEP was the establishment of a social dialogue for social and economic partners in the Brussels region, in the form of the meetings of the Pact. This might lead to further structural social and economic collaboration between social partners, public employment services, training institutions, development agencies etc..

Although the results in terms of partnership and social dialogue seem quite remarkable, the progress of the projects started under the Pact varied greatly according to the theme. The Pact organised its project activities in 6 thematic working group, one for every Pact objective. The results of the cooperation in the six thematic working groups varied. Some groups were more active than others. Several factors influenced the activity of the thematic groups:

- the role of the responsible Pact partner in the thematic group
- the available resources
- the actual (political) interest in the theme

The main project results of the Pact's projects in the period 1997-1999 were: the study on critical vacancies, the action against discrimination in staff selection and the development of a language test. It seems difficult to assess the total direct impact of the Pact and to measure the amount of people from the target groups reached by the Pact (see below, monitoring and evaluation).

The Brussels Employment Observatory assisted the Pact in making a comprehensive map of the Brussels labour market situation. In this way, the Pact ensured that the chosen objectives and target groups were relevant to the local context in Brussels. Target groups of the Pact relate to the risk groups in the Brussels labour market, especially the underskilled. The six objectives chosen in the Pact's strategy are still relevant to the Brussels labour market context, and will be part of the 2001-2006 programme.

4. Indirect outputs and results relating to employment and economic development

- Monitoring and evaluation.

The results and the progress of the Pact was monitored through:

- finished projects: studies and pilot projects
- reports of the meetings
- publications of the Pact

Internal evaluation will be strengthened in the 2001-2006 period via the Brussels Employment Observatory.

In general, it can be said that the Pact had direct (e.g. language screening) and indirect effects (e.g. synergies of working together). The majority of the results seem to be indirect. However, it seems difficult to identify these results, and even more difficult to quantify them. The Labour Market Observatory for Brussels is one of the new partners (2001-2006). They will contribute to the monitoring of responsibilities.

- Indirect outputs

The main results of the Pact's projects in the period 1997-1999 were: the study on critical vacancies, the action against discrimination in staff selection and the development of a language test. It seems difficult to assess the total direct impact of the Pact and to measure the amount of people from the target groups reached by the Pact (see monitoring and evaluation).

5. Additional benefits of the TEP

The Pact is recognized as a central institution for discussing labour market issues in the Brussels region. one example is the fact that they have been asked to assist in the selection of the EQUAL projects in Brussels in the new programming period.

6. Management of Pacts

- *Overall Pact organisation structure:*

- Steering group of the pact: all partners are represented. There about 15 partners, and about 20 people assigned to attend the steering group meeting (1 to 2 people per partner).
- Working groups: thematic groups, based on the six objectives, confer about actions and projects undertaken. one of the Pact partners is president of each thematic group. Members are comprised of stakeholders in the thematic area.

The most important member of the Pact is the ORBEM. ORBEM plays a diverse role. The director of ORBEM is the Pact's political coordinator. His assistant (Mme Rauis) is also located in the ORBEM offices. Their coordination function has several dimensions. There is the administrative aspect: the organisation and preparation of Pact meetings, following up projects and providing progress reports. Additionally, there is the task of mobilising partners and resources for the projects.

ORBEM is also a project partner in the Pact. Another of ORBEM's staff members will represent ORBEM in the steering meeting and in the thematic groups in order to separate the role of coordinator and active partner.

Thirdly, the Pact benefits from ORBEM's provision of knowledge and infrastructure. ORBEM incorporates knowledge about the European Funds since it has the secretariat of the ESF Objective 3 programme in Brussels. In this respect, ORBEM also has close relationships with the authorised people from the Brussels government.

In general, the partners evaluate the management and organisation of the Pact in a positive way. However, there was a rather tense atmosphere at the start of the Pact. This was due to discussions about the competencies and responsibilities of each partner. One approach to this issue was a high vigilance against the duplication of activities, eg by making a clear distinction between the Pact and the actions of the CES.

- *Attitudes of other actors/agencies towards the Pact*

There is a positive attitude towards the Pact, especially from the "top down" institutions (Brussels government). The Pact found a complementary role in Brussels' socio-economic and institutional context. However, the participation of NGOs is an issue of debate because the Pact partners are looking for an optimal balance between maximal representation and operational size.

- *Support from Commission rapporteur*

The Commission rapporteur played an active role. The rapporteur attended the meetings and gave useful support, e.g. via suggestions and comments on the Pact activities. The Commission also participated in the central meetings of the Pact and in the thematic working groups.

- *Role of EI2000 national experts*

The role of the EI200 expert was positive as she brought the five Belgian Pacts together in a central meeting. However, the Pact coordinator did express the feeling that the expert was geographically too far away to be of support to the Pact. There was a larger information flow from the Pact to the expert than vice versa.

- *Pact resources:*

Several personnel are involved in the Pact's operations:

- The Political Coordinator (ORBEM) and Assistant Coordinator (Pact)
- The Project Assistant (Pact)
- staff members from partners participating in Pact meetings. There is often participation of different people from one partner institution e.g. the director attends the plenary sessions and other members of staff attend the working groups.
- staff members from institutions external to the Pact, involved in the thematic working groups

The financial organisation is rather complex. Financial flows from partners to the Pact, are often invisible. Income includes:

- The EC subsidy meant for TA. This is used to pay the salary of the assistant pact coordinator.
- The budget per partner for the co-financing (can be wage cost of staff members participating to the Pact, providing accommodation for meetings, etc.).
- For each Pact project, the responsible partners need to find a project budget. A large part of these activities were financed by ESF Objective 3.
- The Pact depends considerably on the in-kind support from the ORBEM infrastructure. For instance the Pact can use the translation services of ORBEM.

The table below summarises the financial data of the Pact Bruxelles Capitale.

Financial scale of the Pact:

Financial resources (in euro)

	EU	Public	Private + other	Total
1997-1999	266,619	66,654	0	333,273

The information is based on the financial accounts of the Pact (1997-99).

Financial partners:

Technical assistance was financed by:

- EC
- ORBEM

Projects were mainly financed by:

- EC (ESF Objective 3)

- Government of Brussels
- Partners of the Pact

7. Dissemination and networking activities

Dissemination activities comprise:

- TV – advertisements
- Press conferences
- Brochure
- Website (updating is needed).

Through these activities, the Pact has become known among the Brussels population (this is probably unusual amongst Pacts), Brussels business and the regional government. The Pact wants to spread a message of active contribution to employment policy.

National and international networking took place via:

- Presentation stands at conferences (including the conference in Strasbourg introducing the French EU presidency)
- Participation in international conferences (EC TEP meetings)
- Limited contacts with other national Pacts

Benefits from the networking activities include information exchange and transfer of knowledge about the partnership approach.

8. Mainstreaming

The Pact is embedded in the Structural Fund programmes 2000-2006 as an Objective 3 project, and as such its continuation will be co-financed by the EC. Steps to be taken in 2000-6 include:

- the partnership will be enlarged in order to include the Brussels Employment Observatory, more local authorities and intermediary organisations
- funding: the Pact will have a budget of 651,400 euro (293,100 from ESF and 358,300 from ORBEM) in the period 2000-2006. The budget is devoted to the Pact management and to its projects.
- there are a few changes in the action plan but the target groups remain the same. The changes are reflected in the 6 themes. There is a theme relating to equal opportunities and an theme relevant to the dissemination of knowledge and convergence of employment programmes in Brussels

The Pact is also embedded in the organigram for the employment strategy of the Brussels government.

9. Assessment of overall added value of the TEP

The largest added value comes from the creation of a new kind of partnership between social partners, economic and labour market institutions in Brussels. The projects could have been realised without the Pact although the Pact played a role in creating new projects by new joint

partners, for instance the study on critical vacancies and the action against discrimination in staff selection.

10. Lessons

The Pact Brussels Capitale is a broad based partnership but not broad enough (see the enlargement of the partnership with representatives of municipalities, the Employment Observatory and others in the period 2001-2006). In the Pact's next phase, more attention will be paid to equal opportunities in Brussels in accordance with the ESF philosophy and EU guidelines.

National Report on the overall performance of the TEP Programme:

Denmark

Prepared by: George Leeson, NORDREGIO

SECTION 1. TEP PROGRAMME AS A WHOLE

It must be noted that this report only includes the case study of one Employment Pact – the one in Viborg County. Section 1 of this report is about the Danish Pacts in general, but the sources of information about all the pacts happens to be rather limited: there has been no final evaluation of the Pacts, and since the role of the Danish Ministry of Employment has been merely to administer the funds, their knowledge about the results of the Pacts, is also relatively small. Therefore – part 2 of Section 1 (Overall Pact Performance in the Country) is based on the only two documents presented: the Final report 2000 and another document describing the Danish Pacts.

Member State Context

1. Governance context and available space for the Pacts to operate

The Danish Ministry of Employment was asked by the Commission to earmark some of the monies from the EU Social Fund to be used for the Employment Pact. one of the main objectives of the Employment Pact was to create pacts of trust on a regional and local level in Denmark between educational institutions, parties from the labour market and regional/local authorities.

The first response from the Ministry was that this kind of co-operation, based on trust, already existed in Denmark. According to one Ministry employee, it is common practice that project applications relating to the Social Fund should always imply an aspect of co-operation between relevant parties, since the goals of the projects often cannot be achieved otherwise. Focus on co-operation has never been an explicit demand in relation to applications to the Social Fund, but it has been common practice for a long time. In that respect, the concept of co-operation was not new in Denmark.

In Denmark, the labour market is organised in such a way that many policy decisions are made at the regional level. All relevant parties are members of the regional labour market councils (RAR), and these councils are responsible for the priorities set at both the regional and the local level. In that sense, co-operation is a part of already existing structures. Despite this, it was the opinion of the different partners involved in the Pact work that even though structures of co-operation already existed, this co-operation is limited to the political level (RAR). There is no formalised co-operation at the administrative level, and it was on that level that the Pacts could be of relevance. In that sense the Pacts would help facilitate and smooth the co-operation between the relevant parties.

2. Application and selection procedure adopted by the Member States

The application and selection procedure for the TEPs was similar to the procedures for the other Social Funds projects. The responsibility for selection of the Pacts was placed with the Ministry of Labour. Choices were made on the basis of the quality of the application – whether there was a sensible coherence between the expected initiatives and funds to be use, and whether there was an involvement of the necessary actors and links to national and local activities on the labour market.

Five projects were chosen out of nearly 20 applications.

3. Policy and intervention context at the start of the Pacts and today

The purpose of the Danish labour market policy is to secure an effectively functioning labour market, meaning that businesses are supplied with the labour force that they need, and that unemployed people, receiving benefits, get employment or education in order to move into employment as soon as possible.

The Ministry of Employment has overall responsibility for the “active labour market policy” and legislation. But different partners in the labour market arena have a high degree of influence, since decisions and priorities (within the framework given by the Ministry) are made at a regional level by the Regional Labour Market Councils (RAR). The Regional Labour Market Councils comprise representatives from labour market stakeholders, the municipalities and the county councils. And as such, it is a regional matter to decide how the efforts focusing on unemployed people should be implemented and co-ordinated.

The Regional Labour Market Councils are political units, but the active labour market policy are in fact carried out by the Labour Market Offices ; with one regional Office and more local offices located in each county. It is also the responsibility of the Labour Market Offices to follow and analyse developments in the local and regional labour markets. These analyses are used as the input and basis for decision-making in the Regional Labour Market Councils.

The Labour Market Offices are responsible for the unemployed people who receive benefits and target their needs via a number of different activities: job promotion, education promotion, job training, careers advice etc. The responsibility for the other group of unemployed people – the economically inactive (unemployed but not claiming benefits)– is placed with the Danish counties and municipalities.

Two tendencies characterize developments in the Danish Labour Market within the past 15-20 years: the decision-making has become increasingly decentralised, and the rights of the unemployed people have been followed up by duties/responsibilities. As an example could be mentioned the fact that you lose your rights to benefits if you after a certain period of time do not accept an offer of employment.

For more information, see: www.bm.dk

4. Attitudes of national, regional and local authorities towards the TEP Programme as a whole in the country and towards specific Pacts

According to the Employment Pact concept, one of the main objectives of the TEP was to establish co-operation between relevant parties in the labour market – educational institutions, public authorities and other stakeholders. In Denmark, these stakeholders already co-operate and are represented in the Regional Labour Market Councils. This is why the Danish attitude at the national level was relatively reserved – the kind of co-operation promoted by the TEPs already existed. On the other hand it was the opinion of the regional level that since a similar co-operation does not exist between administrators, the Employment Pacts were seen as a possibility to establish such kinds of co-operation.

No final evaluation has yet been made of the five Pacts in Denmark. The Ministry has information on the different pacts on the basis of the reports that have been drawn up on each of the pacts during the pact period – but an overall report presenting the results of the pacts in general has not been produced. However, it is still the opinion of one Ministry employee that the pacts until now have not added anything new to the Danish labour market politics.

The role of the Ministry throughout the Pact period has been to administer the funds.

5. Attitudes of other actors (e.g. social partners) towards the TEP Programme as a whole in the country and towards specific pacts

It was the opinion of the different partners that the Pacts could facilitate a higher degree of co-operation regionally.

Overall Pact Performance in the Country

1. Extent to which pacts met the 4 broad Programme objectives

Partnerships

In the Danish regional labour market, a structure for co-operation between relevant parties already existed prior to the Employment Pacts. To a certain degree, these partnerships have continued within the Pact concept, even though the partnerships have expanded to other levels, and some Pacts also have involved other types of partners. The Øresund Pact have involved partners occupied with cross-border issues (though it has been criticised for involving too many partners), and the Kronjylland Pact decided to work across the traditional regional borders/administrative units and therefore involved a broader network of partners (including NGOs and training institutions).

Bottom-up approach

In general, the approaches of the Danish Pacts are said to be more top-down than bottom-up. However, it should be kept in mind that the regional territories in Denmark are comparatively small units and therefore in relatively good touch with different levels of society.

Innovation

Innovation is reported to have occurred where focus on the marginalised groups in the labour market has been a priority of the Pact. This was the case in Viborg and in Kronjylland, for example. Of course, marginalized groups are also a focal point in the Danish labour market policy in general, but the Pacts have facilitated further facilitated work with these groups.

Integration

There is a high degree of integration, since most of the Pacts are based on existing networks or partnerships.

2. Added value of the working methods and actions adopted by Pacts

The Pacts legitimised existing initiatives and facilitated a closer and more committed co-operation between the partners.
(Elaboration on this issue in Section 2).

3. Deadweight/Displacement effects

4. Identification of Pacts' catalytic effects in the territories where they operated

As mentioned before it is difficult to draw conclusions on the effects of the Pacts as no final evaluation has been made.

Denmark has experienced a declining rate of unemployment since 1994 (just 150,000 people were unemployed in 2000), and combined with the already extensive efforts targeting the unemployed, the overall effect of the TEPs might not have been huge. On the other hand, the Kronjylland and Viborg Pacts are continuing after the end of the project period, which indicates that the Pacts are having a positive effect.

5. Employment and development impact and commentary on the quantification on such impact

6. Commentary on outcomes on the way to achieving employment and development outcomes

It is very difficult to measure the effect of the Pacts in concrete numbers of employment. Many Pacts have focused on marginalized groups and trying to improve their opportunities in the labour market, and the effect of such a task can hardly be measured by numbers – at least not in the short term. For instance, a great deal of the work of the Pacts has been to influence and ultimately change attitudes, and such qualitative changes are difficult to measure.

7. Problems/obstacles

The Pacts have experienced different problems relating to lack of funds, change of staff and conflicts in co-operation.

Sustainability, Mainstreaming and Multiplier Effects

From the information available (dated year 2000), it is not possible to comment on the sustainability of the Pacts in general. For comments on the Employment Pact in Viborg, however, see Section 2.

SECTION 2. CASE STUDIES

TEP VIBORG

1. The background of the Pact

Spatial Context

Viborg County is the fourth biggest county in Denmark, placed in the central/western part of Jutland. The county is divided into 17 municipalities. The total population of the county was 233,143 as of January 1, 1998.

Economic characteristics of the Territory/Labour Market Context

In 1997, 7,600 people were unemployed; or 6.4% of the work force. Six out of 10 unemployed people were women, and women have the highest risk of unemployment in every age group. Among all age groups, relatively more people between 25-29 years and 60-66 years were unemployed.

The distribution of employees in 1996 over the primary, secondary and tertiary sectors was: primary 10.3%, secondary 32.2% and tertiary 57.5%. Compared to the country as a whole, this distribution in Viborg County differs somewhat, having relatively more people employed in the primary and secondary sectors. Even though the primary sector is not as large as it used to be, it is still twice the national average. On the other hand, the county's dependency on the secondary sector has increased.

The industrial structure in Viborg County is characterized by a few large and many small companies. They are predominantly located in the centre and in the south of the county. Of those employed in the secondary sector, 80% are employed in the three key industries, namely iron/metal, woods/furniture and food, drink and tobacco. The former two of these are doing well, while the food, drink and tobacco industry is declining.

In general, the industrial structure in Viborg County is relatively weak with an over-representation of declining industries (nationally), and an under-representation of growth industries.

Employment policy and intervention context/Governance context and Strategic Fit

The Employment Pact in Viborg County is implemented at the regional level as an integrated part of a regional development policy. This rather impressive development policy involves different policy such as business policy, labour market policy, planning, traffic and transport policy and education policy. Hence, governance at this level involves a number of parties.

Political responsibility for the implementation of the Employment Pact rests with the Regional Business Committee (under the Viborg County Council) and the Regional Labour Market Council. This is where the county's employment strategies are determined, and this is where political decisions concerning the Employment Pact are made (the Action Plan was agreed on in this forum, for example).

A steering group works with the Employment Pact at the operational level. The following partners are represented in this group: the Danish Employers' Confederation (DA), the Danish Confederation of Trade Unions (LO), the National Association of Local Authorities in Denmark (Kommuneforeningen i Viborg Amt), the Labour Market Office (AF) and Viborg County. These members are defined as the partners of the Pact. In addition to the partners, two more people (from the Regional Labour Market Council and Viborg County) are included in the group as secretaries and function as pact-coordinators.

2. Direct outputs and results of the TEP

Pact mission

The aim of the steering group was to establish a binding and committing co-operation between the parties. An agreement on goals and initiatives/actions between the partners at the steering group level was seen as a precondition for lasting and efficient co-operation in order to achieve results in the labour market. Co-operation at the political level existed, but the goal was to expand the co-operation to the administrative level and use the Pact as a neutral platform to establish this.

In Viborg County, it was decided that the initiatives under the Employment Pact were to aim at the particularly vulnerable groups in the labour force. *Particularly vulnerable* refers to

people who have difficulty finding employment or are unable to participate in employment schemes under normal conditions. Therefore, the specific target groups were defined as:

- low-skilled women in traditionally female jobs
- unemployed people over 50 years of age
- unemployed young people, untrained or unconnected to the labour market
- refugees and immigrants
- people suffering from long-term illness and people with reduced ability to work due to physical, mental or social factors
- marginalized cash benefit recipients.

One of the main reasons for giving priority to these groups in the labour force was that even though the unemployment rate of Viborg County is relatively low, unemployed people in the county are especially disadvantaged in as much as they have problems entering and/or remaining in gainful employment under normal conditions. It was the understanding of the county that existing policy did not address the problems of these groups so that extraordinary initiatives were needed in order to make a breakthrough in reaching and helping these groups.

Other kinds of employment policy initiatives (job creation, for instance) are already in place within the employment strategies of the County, so the initiatives of the Employment Pact can be seen as a supplement to existing policy.

In each of the six target areas, a working group was established, with each group comprising different parties depending on the issues of the initiatives in the particular target area.

Throughout the period of the Employment Pact 1997-2001, a great number of projects and initiatives (within the frame of the six areas) have been realised. More information on all of these projects can be found in the final report produced by Viborg County.

As it turned out, some of the six target areas have been given higher priority than others, so that due to different opportunities and interests some projects have been more in focus than others. Two such projects are “The Inclusive Labour Market” (relating to people suffering from illness or reduced working ability) and “The Ethical Advice Service” (relating to refugees and immigrants). Both projects are functioning well, and they are both continuing after the end of the Employment Pact. Likewise, a number of other projects have been successful, either in the short-term or on a continuing basis. But – as it is not within the scope of this evaluation to go into detail with every project - two projects have been selected for further illustration (see part 3). These two projects are “The Inclusive Labour Market” and “To Learn is to Aspire” – a literacy project.

Meeting of the four broad programme objectives

According to the pact-coordinator, the bottom-up approach has been realised in the sense that the initiatives of the pact have been developed on the basis of the needs of the unemployed. Having a regional steering group of only a few people may appear to contradict this approach, but it was deemed necessary to have a small group in order to ensure commitment and agreement. It was the conviction of the steering group that fewer members gave better possibilities for ownership of the project. But at the same time, it was felt that most interests were covered by the five parties and that the steering group members were all competent

people with abundant knowledge of regional needs. Another important factor was that decisions made in the steering group were never imposed locally, but presented simply as opportunities. If there then was local interest, local parties were then organised to develop and implement initiatives.

As far as partnership, integration and innovation are concerned, the partnership is broad-based in the sense that different organisations as well as local and regional authorities are involved at the steering group level, and even more parties, depending on the issues, are involved at the local level. It is an integrated strategy since the initiatives towards the marginalized groups in the labour market can be seen to complement the already existing policy. At the same time, aspects of innovation occur since the close co-operation between the parties became possible within the framework of the Employment Pact. The Employment Pact has worked as a neutral platform from where it was possible to take the necessary steps towards a committing co-operation, thereby facilitating stronger emphasis and focus on the marginalized groups. As an example, the pact-coordinator mentions the initiatives towards refugees and immigrants – an area where a lot of different parties had the authority and the responsibility to take action, but there was never any formal coordination between the parties, which led to only dispersed action. In that sense, the result of the Employment Pact is a more qualified effort focused on this group of people.

3. Specific objectives and progress of the Pact

The following is a description of two projects of the Pact.

The Inclusive Labour Market

Co-ordination and co-operation are the keywords in this project. Before the so-called *Inclusive Labour Market* started as a project, some initiatives had been taken in the region in order to prevent exclusion from the labour market and to integrate marginalized groups, for example initiatives by the Danish Employers' Confederation and/or the Danish Confederation of Trade Unions. However, there was no co-ordination between the initiatives, so the Employment Pact provided an opportunity to bring these initiatives together in a formal network.

There is a steering group related to the project (a group which corresponds to the steering group of the Employment Pact as a whole). The purpose of the group is to get their local partners to work together in similar local networks.

At the operational level, this work is done partly by two advisers linked to the project. Hence, a substantial part of the work of the advisers consists of establishing and developing personal contacts with local parties. In other words, the advisers have to come up with ideas and then plant these ideas locally – in a spectrum of many different political interests.

One of the initiatives within this project has been to facilitate co-operation between municipalities and local companies on the issue of maintaining jobs. The aim of the project here has been to develop a model of co-operation with a number of municipalities and then offer it to municipalities to use. Again, the idea of not imposing new ideas on any parties, but instead trying to arouse their interest, is followed.

Of course, the co-operation *within* the project's steering group has not been without difficulty. An example was a case of different interests on the issue of making direct contacts with companies. In the short-term, these differences of interests made the work more difficult for the advisers, but on a long-term basis it made the project stronger and more durable in the sense that respect and acknowledgement between the parties in the steering group may slow things down on the one hand, but on the other hand it reinforces their commitment.

Of course, the ultimate aim of this project is to sustain people's position in the labour market, but in the short-term the goal is to establish and develop new ways of thinking among the relevant actors – to plant ideas that in the long-term will create possibilities for people to sustain their positions in the labour market. For example awareness of the importance of dialogue, co-ordination and co-operation, and of course the importance of sustaining employment. In order to create new ways of thinking, the advisers attend meetings, arrange courses, and resolve conflicts in the work place – to mention just some of their activities.

To Learn is to Aspire

The purpose of this project is to offer literacy courses to employed and unemployed people with basic skills needs. Two advisers work on the project.

The main tasks of the advisers are to disseminate information about and raise awareness of the project's opportunities at the individual level in the workplace and at the employment services offices. They also arrange and promote the relevant courses.

There is a relatively large need for such courses in the county of Viborg due to the relatively low level of education in the county. Once people have decided to attend the courses, the outcome is almost always a success – there are almost no drop-outs. According to one consultant, the greatest challenge lies with the logistics: getting people to attend courses at the right level, at the right time that suits both the individual and his workplace.

The steering group consists of representatives from the county, from two different trade unions and from the Regional Labour Market Council. The trade union "element" is relatively strong in this steering group, and according to the consultant, this aspect makes the work – meaning access to the people in need – easier rather than an approach where offers of education are given through company executives, for example.

Again, the basis for success is the co-operation between the companies and the employment centres. Today, this co-operation is well developed, and over time confidence in the project has been built up. The project is now well-known throughout the county.

The project is continuing after the end of the Pact.

4. Indirect outputs and results relating to employment and economic development

Employability

It is extremely difficult to determine the exact number of people involved in the initiatives within the framework of the Employment Pact – not to mention the number of people actually benefiting from the initiatives.

In March 2001, statistics showed that a total of 728 people had attended different kinds of courses (a total of 76 courses) during the pact period. Of these, 70% were still engaged in educational courses, projects or jobs. More recent statistics have been produced, but the method differs from the one used in March 2001, so it is difficult to make comparisons.

Entrepreneurship

Of course, some of the effects of the Employment Pact cannot be measured in actual numbers. In the *Inclusive Labour Market* project for example, long-term effects would be a change of attitudes in companies towards people in the labour force who are unable to function “normally” in the labour market. It takes time – more time than has elapsed – before this type of result can be measured.

According to the Ministry representative, it is a common experience that the effects and results of projects within the Social Fund are difficult to measure. It is extremely difficult to pinpoint exactly the causal factors leading to an unemployed person coming into employment.

At the same time, the Ministry recognizes the fact that the Pact may have improved the conditions for co-operation between the relevant parties, even though the possibility for this sort of co-operation, according to the Ministry, has always been present.

However, in Viborg it was the experience that prior to the Employment Pact and the opportunities it provided, responsibilities and obligations were distributed among a whole host of different parties. The Pact became the co-ordinating agent behind widespread co-operation.

Job creation

Job creation was not a focal point of the Pact since efforts on this issue are already made within the local and regional system.

5. Additional benefits of the TEP

The various partners of the Pact express great satisfaction with the levels of commitment. They also mention as benefits of co-operation the possibility of obtaining information on regional activities, the reduction of legal and institutional barriers to work, the renewed focus on employment at a regional level, and – most importantly – an increased understanding of and respect for the work and attitudes of the other partners. Among the partners, there has been a consensus about the work of the Pact and this has improved the possibilities of focusing on and reaching marginalized groups in the labour market.

6. Management of the Pacts

Efficiency of managers/sponsors

The efficiency and commitment among the Pact managers has been very high. There has been a high level of meeting activity in general and a stable and satisfying effort from the pact-coordinator.

The funding related to the Pacts covered the salary for two pact co-ordinators plus expenses related to meetings. Almost all funding for projects came from other sponsors: local

municipalities, the county, and companies as well as some Central Government/Ministry funding.

Attitudes of other actors/agencies towards the Pact

Difficulties have occurred in trying to involve parties at the local level. But it seems that the pact co-operation has been characterized by respect between the different parties and their interests.

Support from the Commission rapporteur

According to the pact-coordinator, the Advice from the EI 2000 has been satisfactory .

Role of EI2000 national experts

Support from the Commission rapporteur was ineffective, due to misunderstandings about the role of the rapporteur. The role of the rapporteur was regarded as too controlling.

Overall assessment of management structures and procedures

Efficiency

Pact resources

These issues are covered above.

7. Dissemination and networking activities

There have been a number of activities related to dissemination and networking. Among these is a homepage on the Internet, newsletters, conferences, networks of businesses and information distributed to the partner organisations.

8. Mainstreaming

Structural Fund Programmes 2000-2006

It has not been possible on the basis of available information to comment on this particular point.

Other forms of sustainability of TEP interventions

The formal steering group for the Pact initiatives in the County has now been dissolved, but the same group of people still function as the steering/working group for the *Inclusive Labour Market* project (as well as another project related to refugees and immigrants). Likewise, a number of other projects continue, and all the partners expect to continue the existing co-operation as well as establish new initiatives in the future.

9. Assessment of overall added value of the TEP

Contribution of the TEP to achieving Community priorities

As mentioned above the Pact facilitated a more committed co-operation between the partners, and the close co-operation made it possible to focus more on the marginalized groups on the labour market.

Method of the implementation of the TEP

- The pact efforts are complementary with the already existing initiatives in the region, since the partnership of the pact made it possible to make a stronger focus on the marginalized groups on the labour market.
- The partnership at the administrative level is new.

Financial dimension

The majority of the funds were raised regionally – only a smaller part of the expenses were covered by the Commission.

10. Lessons

one of the most important lessons learned is that, even though a partnership between the relevant parties on the regional labour market at the political level already existed, the pact concept facilitated a neutral platform to take the necessary initiatives towards a strengthened focus on the marginalized groups on the labour market through a partnership at the administrative' level. Indeed, the Pact resulted in a more committed and respectful partnership.

**National Report on the overall performance of the TEP
Programme:**

Germany

Prepared by: Dr Thomas Stumm, EureConsult S.A. Luxembourg

THE TEP PROGRAMME AS A WHOLE

1. THE MEMBER STATE CONTEXT

Germany is a democratic and social federal state with a long tradition of social dialogue. The German Basic Law (Constitution) provides for first level regions with state-like sovereignty rights (Länder). The administrative autonomy of local authorities (Städte und Gemeinden) is also established.

Besides the federal level (Bund), the German administrative structure is made up of 16 Länder (of which 3 are so-called City states: Berlin, Hamburg, Bremen), of 323 elected regional districts (Landkreise) with 14 865 cities, towns and local municipalities (Städte und Gemeinden) and 112 urban municipalities (kreisfreie Städte) that combine the powers of district authorities and local authorities and that are ranked on a par with district authorities.

- ❑ **The national level (Bund)** exercises legislative authority only in those areas assigned to it by the Basic Law (articles 70 and 73), i.e. in fields that are the prerogative of the sovereign state such as foreign policy, defence, currency or public services.
- ❑ **The legislative and administrative powers of the 16 Länder (federal states)** are somehow more diverse. The Länder exercise the powers and carry out the tasks devolved to them by article 30 of the Basic Law and they are responsible for implementing federal legislation. The Länder have the right to legislate in all areas that are not vested solely in the federal government by the Basic Law. Federal and regional powers sometimes overlap in areas such as justice, social welfare, civil and criminal law, and labour- and economic-related legislation (especially in the field of regional economic development and spatial planning).
- ❑ **The powers of the regional district authorities (Kreise)** transcend and complement those of the local authorities (co-operation between local and district authorities is mandatory). The district authorities exercise "powers under federal and regional (Land) legislation" in fields such as the building and maintenance of secondary roads; spatial planning at district authority level; the maintenance of natural parks; social welfare and youth welfare; the building and maintenance of hospitals, secondary schools and technical colleges, and the collection of household waste and its disposal. "Optional powers" of regional district authorities in accordance with the principle of local authority autonomy include the promotion of economic activity and tourism.
- ❑ **Towns and local municipalities (Städte und Gemeinden)** have general responsibilities for town planning and routine administration. With regard to economic local development or labour market and social issues, there is a broad range of different degrees of power: the most important "optional powers" are to give incentives for local economic activities and housing, to establish social welfare infrastructure and to build and maintain public transport infrastructure. Mandatory powers under federal and regional legislation exist in areas such as social and youth welfare; the construction of recreational and leisure areas, urban development and regeneration. Finally, state powers devolved to municipalities and medium-sized towns cover issues such as urban traffic management and public housing.

In Germany, the overall aim of the **national employment promotion policy** enacted in volume III of the Social Code (as many people as possible should have work) is achieved by improving the earnings prospects of people without work and by matching up supply and demand on the labour market. These policy are implemented by the main policy actor of the labour market, the Federal Employment Agency (Bundesanstalt für Arbeit) and its local employment offices (Arbeitsämter). The Land offices of the Federal Employment Agency (Landesarbeitsämter) are to some extent linked to the Länder governments, in particular through the presence of Land representatives on the supervisory boards of the Agency's Land offices.

In recent years, new legislation has been introduced to regulate the co-ordination problem between the active labour market policy delivered through public employment services and the labour market measures administered by the local authorities for social assistance beneficiaries. Legislation was introduced at the beginning of the 1990s to increase co-operation between the two administrations, which has produced little effect. However, new guidelines were introduced in 1998 that restricted the access of social assistance recipients to the public employment service's job creation programmes and encouraged the bundling of resources and the development of joint measures. In some cases, co-operation between public employment services and local authorities is regulated through formal agreements resembling territorial employment pacts.

At the outset in 1997, the EU-Territorial Employment Pact (TEP) approach was not supported very actively by the CDU/CSU-FDP German coalition government. The idea of the TEPs was transmitted by the German Federal Government to the Länder Governments. Subsequently, 9 pacts submitted a proposal to the European Commission.

Key aspects of the **application procedure in Germany** can be summarised as follows.⁶

Some areas were able to build up the pact on an already existing initiative (e.g. Zeitz, Bremen) and their start was well ahead of others. Others were able to start the pact process only some months later (e.g. Mecklenburg-Vorpommern, Güstrow). By November 1997 and January 1998, most of the German pacts had submitted their proposals. The German experts evaluated the initial TEP action plans submitted in order to assist the Commission in its work.

The pacts received a first response from the Commission in which some of them were asked to provide additional specification on certain issues. The first criticism of the action plans of the German TEPs concerned the budget issue: many work plans did not provide a concrete financial framework. A second general point was the question of performance or impact indicators that were also missing for the most part in the action plans provided at the beginning of 1998. Whereas the TEPs in Saxony (**Chemnitz-TEP**) and North-Rhine Westphalia (**Ruhr-TEP**) had weak and imprecise quantification, the Berlin district pact (**Neukölln-TEP**) can clearly be put forward as an example of best practice. The pact partners also pro-actively pursued this quantitative approach in order to give new stimulus to the local situation with regard to the traditional labour market instruments.

⁶ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998. **Zenit**, Final Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 12th of August 1998. **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

Early in 1998, the Commission accepted six action programmes. The Güstrow TEP proposal (Mecklenburg-Vorpommern) was approved by the Commission in May 1998 and the pact office finalised its work programme for presentation in September 1998. The European Commission approved all action plans of the German TEPs by November 1998. At the beginning of 1999, all German pacts entered into the implementation phase. In addition, they presented a proposal for the extension phase and/or further financial support.

After the elections in 1998, a new SPD-Green coalition government came to power in October 1998. Initially, it was more committed to the pilot projects than the previous government had been. In early 1999, a "national employment pact" was launched (Bündnis für Arbeit). This initiative aimed to illustrate the change in policy and initiated a large number of debates and round tables. Within this new context, the German TEPs had good potential to be regarded as a systematic and comprehensive approach concerning local development strategies and the local/regional creation of employment.⁷

At the end of the pact running period,⁸ the methodology of the TEPs was adopted both at the level of the Federal Government and at Länder level. The enthusiasm regarding the TEPs however differs tremendously:

- At the **Federal level**, hardly any political action can be observed and the Government was not able to provide financial support.
- At **local and Länder level**, one can observe a lack of co-ordination of the different activities. In addition, the financing situation differs from Land to Land. There is some evidence that TEPs at Länder level had better opportunities to finance the TEP structure than those TEPs that were organised at local/district level. However, it was the local/district TEPs in particular that achieved remarkable results and an improvement in the quality of the projects. Local pacts with good links to the Länder Government level seem to be an adequate solution to overcome that problem. The case of Zeitz can be taken as an example for this.

In parallel, another development concerning the TEPs can be observed in Germany. Pact structures were developed and implemented not only at Länder and regional/local level, but also at the level of huge firms (e.g. Volkswagen). Germany has, however, failed to create synergies with regard to the different initiatives. Therefore, the EU-TEPs are to some extent rather isolated. Apart from the network activities of the 9 German EU-TEPs, an experience exchange process takes place only in the "Initiative for Employment" launched by BASF and the Bertelsmann Foundation.⁹ During the second half of 2001, additional research as well as seminars on that topic also emerged.¹⁰

2. THE OVERALL PACT PERFORMANCE IN GERMANY

The action plans of the 9 German EU-TEPs initially approved in 1998 cover a wide variety of

⁷ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: January 2001-June 2001.

⁸ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000. Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: January 2001-June 2001.

⁹ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

¹⁰ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: January 2001-June 2001.

schemes:

- Most of the overall budget was allocated to the development of locally generated potential (62%), particularly in the new Länder, where support for small business start-ups is essential. This priority field was expected to account for 25.1% of the new jobs to be created in Germany with the help of the TEPs.
- Almost 19% of the overall budget was allocated to infrastructure schemes, with by far the greatest share going to the Mecklenburg-Vorpommern Pact in Güstrow.
- A considerable share of the overall TEP budget was allocated to the development of human resources and schemes to integrate people into the job market (9.2% and 4.5% respectively).

The following paragraphs briefly summarise the extent to which the 3 German pacts covered by the case studies (Ruhr-TEP, Berlin-Neukölln-TEP; Chemnitz-TEP) met the 4 basic principles governing the TEPs.

Local initiatives were asked to utilise a **bottom up approach** in order to ensure that local operators on the ground were involved in the projects. TEPs were also asked to constitute a **genuine broad partnership** in order to maximise the effectiveness of local initiatives or possibly even to set up new forms of partnership that go beyond the traditional, institutional blueprint entailing co-operation between social and economic forces, in particular those from the private and co-operative sectors.

- The **Berlin-Neukölln pact** was a clear bottom-up approach with a genuine and broadly based partnership, which included a large number of local enterprises (SMEs and large companies).
- The **Chemnitz pact** is a sub-regional TEP that was, however, closely linked to an employment pact initiative started at Land level in Saxony. Despite the existence of a Land level employment pact, the Chemnitz pact was based on a clear bottom-up approach that involved the local actors and local organisations of the Land level pact. The pact partnership was broad and included public, private or semi-public actors as well as trade unions.
- Although initially launched by the Land government, **the Ruhr-pact** can also be considered to be based on a bottom-up approach. In fact, major initiatives included in the action programme were elaborated in the individual sub-regions participating in the EU-pact. The pact partnership cannot be considered a very broadly based partnership, as no private companies were included in the formal pact collaboration structures, which was dominated by public bodies. However, at the level of individual projects, one can observe an active involvement of private companies.

TEPs should present an **integrated strategy** in order to add real value to the Structural Funds and to the various instruments of economic and social development. In addition, each approach should address the employment situation from both the supply and the demand-side. Finally, TEPs were asked **to test out novel solutions** to the problem of unemployment at the local level, which would enable them to try out different approaches and to draw conclusions from a small-scale level.

- The strategy of the **Berlin-Neukölln pact** was very broad and well integrated, covering both the supply and demand side of the labour market. There have been a number of innovative elements in the pact's working programme and one can observe a very good performance in public relations and awareness raising.
- The **Chemnitz pact strategy** aimed mainly at stimulating closer co-operation between

different local companies from specific branches. It focused on the demand side of the labour market. The innovative contents of the Chemnitz pact must be judged against the background of the prevailing situation at the local level (a weak degree of co-operation among enterprises, underdeveloped structures for integrated economic and labour market development etc.).

- The strategy of **the Ruhr-pact** addressed both demand and supply side aspects. Due to the design of the operational dimension of the pact at project level, one has to question whether the strategy's approach could be said to display full integration (specific projects had been suggested within individual sub-regions and were subsequently also implemented in these areas). Novel solutions tested out in the framework of projects mainly concentrated on establishing new forms of public-private partnerships and on improving the quality of the decentralised structural and labour market policy of the Land.

The German TEPs had created a **network at national level** that was activated and co-ordinated by a technical assistance office (ZENIT GmbH at Mühlheim a.d.R.). Workshop meetings of TEP co-ordinators took place twice a year and can be regarded as a central tool for the networking process. Furthermore, the 9 German pacts frequently pushed forwards their integration into the national Pact for labour (e.g. through a workshop in March 1999 in Mülheim). In addition, a large number of German pacts were interested in establishing contacts or partnerships with other European pacts on the level of an intensive exchange of experiences on common action topics.¹¹ It was, however, very difficult for the TEP network as well as for the experts to disseminate the TEP idea to a large extent.¹²

After the Italian TEPs, the German pacts ranked highest as regards the **overall budgetary allocation**. With regard to the share of private financial contribution, German and Italian pacts once again ranked highest among the 15 EU Member States.

Despite a good degree of documentation for all **3 pacts examined in the case studies (Berlin-Neukölln-TEP, Chemnitz-TEP, Ruhr-TEP)**, only the reports of the Berlin-TEP were able to precisely demonstrate “catalytic effects” with regard to the mobilisation of funds at the end of the pact's lifecycle. For the other two pacts, an evaluation had to be made on the basis of financial tables included in the initial or revised action programmes.

- Overall, one can say that all three pacts examined were able to **mobilise significant additional public funding** that came from very heterogeneous sources such as national support programmes, Land level funding, EU-programmes or local public funding. For example, the **Chemnitz-TEP** has - as an unexpected output of its pact-initiated enterprise networks – succeeded in obtaining 130 million DM of external funding from a support programme of the Federal Government (“Innoregio-Wettbewerb”).
- Also their degree of **mobilising private funding** can be considered as satisfactory. For the **Ruhr-TEP**, the most significant shares of private contribution can be found in the framework of the ChemSite project (83% of the total cost) and the SME co-operation project (14%). In the case of the **Berlin-Neukölln TEP**, the contribution of private funding sources to cover the overall cost of TEP-actions was 13.1%.

¹¹ Zenit, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

¹² Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: January 2001-June 2001.

All 3 pacts examined in the case studies have – to a different degree of success – achieved **good quantitative results as regards employment creation or stabilisation of existing jobs.**

- The most successful example is certainly the Berlin-Neukölln TEP. In total, 2,371 jobs and training openings have been created, of which 1,283 are in the primary employment market, 318 are training placements and 770 are in the publicly subsidised employment sector.
- At the end of the Ruhr pact's running period, the eight projects actually implemented helped to secure 700 jobs and to create more than 1,100 new jobs.
- The Chemnitz pact was able to secure more than 10,500 jobs and created about 500-600 new jobs.

All pact promoters and pact-participants interviewed agree, however, that the qualitative achievements are as important as the positive quantitative achievements. This is also a major lesson that has to be considered when evaluating the “success” of the TEP-approach.

The German EU-pacts met some **common problems**, although their approaches were very different.

- During the elaboration phase of the action plans, it has turned out that some German pacts had **difficulties in quantifying their actions**, which was partly due to the unpredictable details of an action. This problem was encountered, for example, by the **Chemnitz-TEP** and the **Ruhr-TEP**, whereas the **Berlin-Neukölln-TEP** must be considered a noteworthy and positive exception. Although some had questioned the quantitative approach of the TEPs, it seems to the evaluator that it was mainly time constraints during the elaboration phase and a lack of in-depth analysis of specific local situations and project focuses that contributed to these weaknesses.
- The **integration of the private sector (enterprises)** into the TEP process represented a difficulty for a lot of German TEPs. At first, enterprises were slow to see the advantages in participating. Some pacts have however succeeded with original ideas in convincing important regional companies to contribute to the pact's work, and these pacts seem to be most promising.¹³ The **Chemnitz-TEP** is to some extent an exception to this problem, as many enterprises made binding declarations to actively collaborate in the local pact approach. The **Berlin-Neukölln-TEP** is also an exception, as the broadly based partnership included a larger number of local enterprises (SMEs and larger companies) and succeeded even in expanding private sector involvement.
- Once the actors have been convinced, **another difficulty in many German TEPs came from the co-ordination of the large number of very different pact partners.** The pact co-ordinators have had a very difficult diplomatic balancing act to carry out.¹⁴ In the case of the **Berlin-Neukölln-TEP**, co-ordination and co-operation has functioned extremely well. An important advantage in this pact was the existence of a formal associative structure that had been set up especially for the pact. This is, with regard to other German pacts, a rather novel approach. In the case of the **Ruhr-TEP**, co-ordination of different

¹³ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

¹⁴ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

actors was only partly successful. A main reason for this was certainly the size of the TEP and the fact that it attempted to cross-cut the established institutional settings of the regionalised structural and employment policy in North Rhine Westphalia. The highly complex institutional framework of this approach made an effective integration and co-ordination of all major players difficult.

3. SUSTAINABILITY, MAINSTREAMING AND MULTIPLIER EFFECTS

The general attitude of national authorities in Germany towards the EU-TEP Programme as a whole can be summarised as follows. There is an awareness of the existence and strengths of the approach, but there is no concrete funding mechanism available to support local actions fostering regional development and employment (apart from EQUAL). The Federal Ministry of Social Affairs and Labour tends to evade responsibility for funding, passing this to the Länder. This is the main factor that prevented the pact approach from being integrated into mainstream employment policy.¹⁵

However, more recently the federal government has started to support bottom-up approaches in the fields of innovation and regional development with the national programme “Lernende Region” (Learning Region). The EU-TEPs quite successfully participated in bids for this initiative¹⁶ and three of the German TEPs received support from this programme (e.g. Chemnitz-TEP).

This lack of political and financial support at federal level led to a rather heterogeneous mainstreaming result of the pact-approach in the nine German Länder where EU-TEPs were operating.

As concerns the mainstreaming of the three German TEPs operating in the City-states Hamburg, Bremen and Berlin, one can observe the following:

- The **Hamburg-TEP and the Bremen TEP** have special status. Both TEPs were acting at Länder level and thus could use well-established contacts to the Länder government, or were even part of the Länder administration (Bremen).¹⁷ The pact of Bremen is integrated into the pact at Länder level. The future task of the Bremen-TEP has now been widely agreed upon by the relevant stakeholders. The experiences of the TEP concerning local/regional co-operation will be brought into the EQUAL Community Initiative. Operating in parallel, the TEP office will continue its work in providing innovative inputs and best practice experiences as well as process know-how for the Länder pact for labour and apprenticeships. In Hamburg, the TEP provides particular support for the Länder pact for Labour. The future of these activities was, however, dependent upon the results of the local elections.¹⁸
- In **Berlin**, the district level pact in Berlin-Neukölln has served as a best practice example for mainstreaming. The pact’s approach is anchored in the ESF OP for Berlin and has been extended to other districts of the city. The Neukölln-pact managers GSUB supported other districts in building up their pacts according to the well-established European

¹⁵ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

¹⁶ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: January 2001-June 2001.

¹⁷ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

¹⁸ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

methodology.¹⁹ The “old” Berlin Senate had developed an incentives strategy for “District Employment Alliances” in the whole of Berlin (Bezirkliche BeschäftigungsBündnisse/BBB). The newly elected Senate renewed the formal recognition of the BBB, but has renamed the approach “Pacts for Economy and Employment”. Until now, the new Senate has, however, not fully made clear how the financial aspects will be dealt with. This is also due to the financial problems the city of Berlin is currently undergoing.

In the Länder of Germany with a larger surface-area (Bavaria, Lower Saxony, North Rhine Westphalia, Saxony, Saxony-Anhalt, Mecklenburg-Vorpommern), the situation is quite diverse:

- A case of best practice with regard to mainstreaming in Germany is **Sachsen-Anhalt**, where specific initiatives were able to be launched. The EU-pact of Zeitz has served as a model for Sachsen-Anhalt to launch so-called Landesinitiative Pakte (PAKTE). This initiative picks up the ideas of local partnership, bottom-up approach and innovation. The technical assistance unit of the Zeitz pact (BBJ) has developed the guidelines. The methodology is very close to the TEP approach and can be regarded as a dissemination of the pact methodology. Some 10 - 15 local TEPs will be supported within this initiative in Sachsen-Anhalt during the next two-to-three years.²⁰
- In **Lower Saxony** and **North Rhine Westphalia**, the Objective Two programme explicitly mentions the pacts. In NRW, however, the TEP ceased to be active from June 30, 2000. In Lower Saxony, the region eligible for Objective Two support changed and the Peine region is no longer eligible. However, a similar scheme to the one in Sachsen-Anhalt will be implemented by Niedersachsen. The framework conditions are currently being finalised. It is expected that some eight TEPs will be supported in Niedersachsen.²¹
- In **Bavaria**, a specific state-financed programme could possibly be used for the financing of the regional pact structures. The TEP will, however, probably cease its activities after the completion of the current contract as labour market problems turned out to be less crucial in Bavaria. So the partners no longer see the necessity for the TEP action.²²
- In **Saxony**, the pact approach was not integrated into the Objective 1 OP. Some of the activities of the Chemnitz pact might be continued in the framework of the Land level employment pact (Foundation “Innovation and Labour in Saxony”).
- The situation in **Mecklenburg-Vorpommern** is unclear since the Ministry of Agriculture withdrew its agreement for financing pact structures in the Objective 1 OP. The TEP office was negotiating alternative means of finance²³ with the Ministry of Economic Affairs and with the Ministry of Labour

To summarise: With regard to mainstreaming, at the German federal level, neither the “old” CDU/CSU-FDP coalition nor the “new” SPD-Green coalition paid much attention to the pilot projects of the EU-territorial employment pacts. Despite several initiatives of the European Commission and the German pacts themselves, it was not possible to transfer the EU pacts into the national approach of a German “pact for labour” (Bündnis für Arbeit). There is a very

¹⁹ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

²⁰ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

²¹ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: January 2001-June 2001.

²² Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

²³ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

heterogeneous situation existing at Länder level, which is mainly a result of the lack of a coherent national approach (but also a consequence of the subsidiarity principle).

SECTION 2 : CASE STUDIES

THE EU-TERRITORIAL EMPLOYMENT PACT IN BERLIN-NEUKÖLLN

The Background to the Pact

As one of the 23 city districts existing in Germany's capital city Berlin, the district of Neukölln is a densely populated area with more than 325,000 inhabitants.

The district faces a number of social problems. Social indicators such as:

- high unemployment levels
 - a high density of people on social welfare income
 - a large influx of immigrants from abroad
 - a high number of families with children;
 - and people with employment moving away from the area
- characterise the north of Neukölln in particular as a problem area.²⁴

The structural change in the Berlin economy since reunification has affected the district of Neukölln particularly hard. Most importantly, unskilled or low-skilled industrial jobs in the metal and electrical industry dominating in the district were lost with the phasing out of a specific structural aid scheme aiming at Western Berlin. The now reunified city of Berlin is still struggling to preserve existing employment and to create new job opportunities.²⁵

The **economic structure of the area** displays the following characteristics:²⁶

- Neukölln is traditionally the most important industrial city-district in Berlin. In 1996, 21,600 businesses were registered and 5,500 currently exist in the district. The crafts sector is well represented in the district and accounts for a slightly higher per capita share of enterprises (8 enterprises/1000 inhabitants) than in the total of Berlin (7.8 enterprises/1000 inhabitants).
- In August 1997, about 25% of the total turnover of manufacturing companies in Berlin came from the Neukölln district. Larger companies with more than 500 people employed produce the dominant share of the district turnover. However, compared to other city-districts of Berlin and the surrounding counties of the Brandenburg Land, the economic profile of Neukölln must be considered problematic. Within the district economy, the dominant industries, predominantly manufacturing-based, are exposed to structural change, while new growth sectors are underrepresented.

The dominant feature of the **labour market situation of the Neukölln district in Berlin**²⁷ is that of an inner-urban labour market with slack or sluggish conditions.

Between 1992 and 1995, roughly every fifth worker in the district lost their job. The bulk of

²⁴ **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln** (Final Report, English Short Version, December 2001).

²⁵ **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln** (Final Report, English Short Version, December 2001).

²⁶ **Bezirksamt Berlin-Neukölln/Senatsverwaltung für Arbeit, Berufliche Bildung und Frauen/GSUB:** Stadtbezirk Neukölln von Berlin: Analyse der lokalen wirtschafts- und Arbeitsmarktstruktur im regionalen und europäischen Kontext. Berlin, Januar 1998.

²⁷ **Bezirksamt Berlin-Neukölln/Senatsverwaltung für Arbeit, Berufliche Bildung und Frauen/GSUB:** Stadtbezirk Neukölln von Berlin: Analyse der lokalen wirtschafts- und Arbeitsmarktstruktur im regionalen und europäischen Kontext. Berlin, Januar 1998.

these workforce reductions took place in companies with more than 500 employed, while smaller companies were less affected- some even expanding. Middle-sized enterprises (200 to 499 employed) could maintain their level of employment.

A more detailed analysis of the structure of unemployment is only available for the year 1996. At April 1996, the total number of people employed in the district was about 128,000. By September 1996, a total of 26,684 people were registered unemployed within the district. Of these, 57.4% were men and 42.6% women. There is clear evidence that the trend towards long-term unemployment increased: in 1993, about 14.1% of the unemployed had been without a job for two years or longer. In 1996, these long-term unemployed made up 18.2% of all unemployed. Partly as a consequence of this, the number of people receiving social assistance has also drastically increased in the district of Neukölln between 1994 and 1996. Unemployment particularly affects people with a low skill level: the number of high-skilled unemployed remained nearly constant between 1993 and 1996.

By the end of September 1997, the district unemployment rate in Neukölln was at 20.1%. It was significantly higher than both the Land level (15.8%) and the national level (11.2%), and exceeded even the former East Germany's average Länder level (18.3%). The immigrant population in the district is especially hard hit by unemployment: by the end of September 1997 this group accounted for 25.7% of all people unemployed in the Neukölln district.

At the date of the Neukölln TEP's application, the district unemployment rate was 21.5%. Since then, the district unemployment rate has further increased to 23.2%, and was as high as 30% in the northern part of the district (by December 1998). The percentage of long-term unemployed and Social Security claimants still is above the average.

Within the district of Neukölln, the **traditional labour market instruments prevailing in Germany** and **measures supported by the ESF-Land programme** were applied. With the EU pact, these classical instruments of labour market should be further linked together at a local level.²⁸ The district authority in Berlin, however, does not have the formal competency to undertake substantial action in the field of structural or employment policy.

Already before the launching of the EU-territorial employment pact in Neukölln, two initiatives existed that aimed at improving the economic and labour market situation within the district:²⁹

- Through a local "discussion group" initially set up in 1994, issues related to economic development and labour market were debated among a broader range of key actors within the district. Besides a Land politician (Member of the Berlin Senate) and the district mayor of Neukölln, enterprise representatives and trade union delegates in enterprises were invited to the meetings.
- Through the initiative "Active Region Neukölln" (Aktive Region Neukölln), a project supported by the Community Initiative ADAPT, knowledge could be transferred to future pact projects through international visits, including to Newcastle and Belfast. The project "Active Region Neukölln" has also financially supported the elaboration of a sound

²⁸ Interview with the pact co-ordinator

²⁹ Interview with the pact co-ordinator

analysis³⁰ of the local economic and labour market structure.

Regarding the **application process**, actors in the district had been informed by the European Union's TEP-initiative through a fax message. Local actors had been rather sceptical with regard to the initiative. All pact partners agreed however that individual action was no longer possible due to the complex and specific problems of the district. The pact had to be created in order to achieve a bundling of resources and financial means. Therefore, the existing networks with their key partners agreed to go ahead. The “Social Management Consultancy” (Gesellschaft für soziale Unternehmensberatung, GSUB), also active in providing specific public services on the basis of a “task delegation contract” – was asked to draft an EU-pact submission.³¹

The detailed work programme of the EU-TEP in Neukölln was presented to the European Commission in January 1998. The Neukölln action programme was of good overall quality and showed a clear understanding of the pact approach and its basic objectives. In addition, detailed financial tables were present that included several sources of finance such as EU-Structural Funds, public funds from the Land and the local levels, private investment and contributions from the Federal Labour Office (for one project).³² Subsequently, in 1999, the Neukölln pact asked for an extension and additional funding for 2000.³³

Direct outputs and results of the TEP

The Berlin-Neukölln territorial employment pact has the **overall objective** to lastingly improve the employment situation, to create jobs by strengthening the economic structures and thus to effectively combat unemployment. This is to be achieved by producing a common platform with the influential players of the district's job market. Networking between all those involved increased and district-specific instruments of the employment policy were developed and implemented.³⁴

The overall objective is based on the assumption that SMEs are the main creator of new jobs: consequently these enterprises are considered the main target group of the employment pact. Major enterprises were also asked to join in the pact as sponsors or partners. Another objective was to enlarge locally existing structures (a pact of actors from the economy and the Labour market), to intensify its work and to improve its quality.

BOTTOM UP APPROACH

The initial TEP-action programme was refined according to a bottom up approach. The

³⁰ **Bezirksamt Berlin-Neukölln/Senatsverwaltung für Arbeit, Berufliche Bildung und Frauen/GSUB:** Stadtbezirk Neukölln von Berlin: Analyse der lokalen wirtschafts- und Arbeitsmarktstruktur im regionalen und europäischen Kontext. Berlin, Januar 1998.

³¹ **Interview** with the pact co-ordinator ; **Interview** with participants of the pact

³² **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

³³ **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

³⁴ **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln** (Final Report, English Short Version, December 2001).

objectives were strongly influenced by the results of previously existing local initiatives.³⁵

- One aspect was the local discussion group set up in 1994. Various discussions and workshops organised dealt with problems on the local labour market and the question of how to improve the area as an economic centre.
- Another aspect was the initiative “Active Region Neukölln” (an ADAPT funded project of 1997). In this context, important experiences could be gained with regard to the European employment policy. External study visits to Newcastle and Belfast provided inspiration for future project ideas to be included the pact’s working programme.

During the development phase a critical discussion on the competencies of the city district with regard to employment and structural policy took place (the district level in Berlin does not have the formal competency to undertake substantial action in the field of structural policy). Despite this, the high-level political representatives in the pact were able to clarify this issue and to settle the conflict. This helped to push forward the Pact initiative. The pro-active involvement was also favoured by a growing negative image of the district as a “loser” of the German reintegration process at Berlin level, which has been revealed by a study.³⁶

Based upon these initiatives, the six main priorities for the initial action programme had been refined through joint brainstorming. The Social Management Consultancy GSUB (Gesellschaft für soziale Unternehmensberatung, GSUB) had developed the action plan in close co-operation with the other partners. In 1997, the GSUB organised three moderation meetings with local partners in order to prepare the action programme for the TEP. A quantification of the objectives and the results expected was introduced from the beginning in the pact’s work plan. In addition, the main responsibilities for individual activities were precisely identified.³⁷

Over the lifetime of the pact, all local partners had been actively involved in its refinement and implementation.³⁸

BROAD BASED PARTNERSHIP

From the beginning on, the pact could build on a broad partnership. No formal partnership agreement has been signed for the pact, as the partners have signed the action plan and established a formal pact structure based on German private law with formal internal rules of procedure and institutions (eingetragener Verein, e.V.) providing the TEP with a sufficiently solid background.³⁹

As one overall aim of the pact was to mobilise the local potential for additional employment and training, all kinds of different actors have joined together as alliance partners. The most relevant local actors in the TEP are:⁴⁰

³⁵ **Interview** with the pact co-ordinator

³⁶ **Interview** with the pact co-ordinator

³⁷ **Interview** with the pact co-ordinator

³⁸ **Interview** with participants of the pact

³⁹ **Interview** with the pact co-ordinator

⁴⁰ **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln** (Final Report, English Short Version, December 2001).

- the Association for Business and Employment in the area (main partner),
- the Social Management Consultancy GSUB (co-ordinator),
- the Labour Office for the Berlin district south,
- various larger private companies and a housing association, SMEs and non-German firms,
- the Berlin investment bank,
- the district administrative authorities Berlin Neukölln,
- service-providing enterprises and the government administration of the Land Berlin (Senate).

Initially, the Chamber of Commerce and the Chamber of Crafts were not asked to join the district level pact. This was because the pact promoters wanted to include the enterprises themselves rather than the "representatives" of the enterprises.⁴¹

A major point of concern was to integrate as many local enterprises as possible into the pact, as they are the most important source for creating additional employment. Therefore, the pact association was actively searching for such partners.⁴²

- In order to "seduce" SMEs to join in the territorial employment pact, activities had been designed from the beginning on with strong elements that could produce "publicly visible effects" (or public relation effects). Although Action 2 included such demonstrative elements, aimed at showing the broader public the dynamism existing at district level, Action 1 had been especially designed according to a 3-pillar approach:
 - actions for the local population
 - inclusion of local key actors (such as the housing company)
 - participation of other SMEs.
- Another method to further attract enterprises within the pact was to organise pact association board meetings within major local enterprises. This was successfully carried out on several occasions with the Philip Morris Co. and the Kraft Jacobs Suchard Co.

Due to the fact that the Neukölln district accounts for the largest community of Turkish immigrants in the City-Land Berlin, a representative of the Turkish SMEs operating in the district was contacted and fully included into the partnership of the TEP (at the level of the association). This initiative was motivated by the fact that the unemployment rate is especially high in the immigrant population. Another reason was that the more than 5,000 companies run by Turkish immigrants all over Berlin provided only 40 training placements, mainly in the field of retail and trade (the crafts sector is not very active mainly due to the restrictive German training rules for the sector). The main aim of the pact was to motivate such enterprises run by Turkish immigrants to actively participate in the various Neukölln-pact activities.⁴³

The district department for Economic Advice was an initially weak actor in the TEP partnership and participated only on an informal basis. During the pact's lifetime, this initial position did however change. The district office was always considered an equal partner,

⁴¹ Interview with the pact co-ordinator

⁴² Interview with the pact co-ordinator

⁴³ Interview with participants of the pact

although it did not provide a financial contribution to the TEP.⁴⁴

All the important stakeholders of the district were involved in the pact, including the social partners such as trade unions. The revision of the initial action plan in 1999 resulted in an enlargement of the pact partnership (the Chambers of Crafts and the retail sector were included in the partnership). In addition, more than 60 local companies were now participating in the district employment pact.⁴⁵

INTEGRATED STRATEGY

A “campaign plan” was drawn up for the implementation of the above-mentioned objectives with various activities for Neukölln. The initial pact action programme contained a good balance between supply-side and demand side elements⁴⁶ and the different policy fields were well integrated.⁴⁷ After the approval, the action plan was constantly updated.

The overall coherence of the action plan was assured by the following linkages: individual actions of the TEP (the “campaigns”) were aligned to the guidelines published by the Commission (keywords: entrepreneurial spirit, employability, adaptability, equal opportunity); and alongside the basic aims of Berlin's economic and labour market policy. Through this approach, the pact intends to build a “bridge” between the pragmatic approach of the Commission and the local situation, including instruments that exist at the Land or federal level. The individual actions are not stand-alone activities. They refer back to specific structural aspects of the local economy and try to link effects on employment, sustainable development, and public relations in order to generate a new boost in economic and labour market policy at the local level.

INNOVATIVE ELEMENTS

Each of the initially foreseen six action fields had an innovative character, either by adding innovative and original elements to already existing concepts or by presenting actions that were completely new and innovative for the area.⁴⁸

According to the initial action plan,⁴⁹ individual campaigns are based on existing activities and instruments. However, innovation is assured by qualitatively improving these elements or by introducing novel aspects in the local environment:

- Through the chosen type of actors, specific target groups, and methods for applying

⁴⁴ **Interview** with participants of the pact

⁴⁵ **Interview** with the pact co-ordinator

⁴⁶ **Interview** with the pact co-ordinator

⁴⁷ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

⁴⁸ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

⁴⁹ **Aktionsplan für den territorialen Beschäftigungspakt Berlin** “Lokales Bündnis für Standortsicherung und Beschäftigung in Berlin-Neukölln”.

instruments (Campaign 1).

- Through ideas coming from other European regions and their first time application in the German context (Campaign 2).
- Through using new organisational foreigners and achieving a more targeted concentration of the different sources (Campaign 3).
- Through concentrating on specific target groups and by developing further an already existing and accomplished project (Campaign 4).
- Through the determination of specific themes (Campaign 5).
- Through organising a specific event for the first time and by applying the most recent information technology available (Campaign 6).

The most innovative actions of the initial pact action programme have been the following:⁵⁰

- Campaign 2, which must be considered a best practice model.
- A very positive effect was also produced by organising gatherings of the local economy or enterprises from the crafts sector (Campaign 6).
- A more general and novel aspect of the pact activities has been the introduction of elements of the European employment strategy into the enterprise level.

The Pact's specific objectives and progress

Based on the broad bottom-up approach described above, the pact's aim was to improve the situation of the district and to create new jobs by actions which support local SMEs in the industrial and retail trade sector. Pilot projects focus on the creation of new enterprises, the improvement of employability and adaptability of unemployed people, the creation of more training possibilities for young people and on concrete actions to increase the attraction of the district.⁵¹

The **initial action plan** for the Neukölln-pact⁵² foresees **6 operational priorities** that have been elaborated on the ground of detailed analyses of the local situation.

- Reintegration into work of those receiving social security, in particular young people and the long-term unemployed.
- Encouraging young people to become self-employed and providing longer coaching for young people running their own small businesses.
- Creating additional training opportunities
- Supporting structural change at individual company level, as a means of taking preventive action to safeguard jobs.
- Improving ecological balance of businesses at local level.
- Successfully marketing Neukölln as an attractive location for economic activity.

These priorities were implemented each by 1 an individual "action" (see table 1 below), which have been quantified where possible.

⁵⁰ **Interview** with the pact co-ordinator

⁵¹ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

⁵² **Aktionsplan für den territorialen Beschäftigungspakt Berlin** "Lokales Bündnis für Standortsicherung und Beschäftigung in Berlin-Neukölln".

Table 1 „Actions“ contained in the initial Berlin-Neukölln action programme (1998-1999)	
Action 1: "Raising the employability of specific target groups".	This action aimed at improving the employment chances of Social Security claimants, young immigrants and the long-term unemployed. In one particularly hard-hit area, housing associations and their local offices are offering job placements to all young people, thus providing a stepping stone into the world of work.
Action 2: "Neue GründerZEIT".	Under this scheme, young people between the ages of 18 and 35 are being encouraged to set up their own businesses following the UK model. Existing companies also receive longer-term support, especially during the growth phase when new jobs are created.
Action 3: "Neukölln training network" (Bündnis Ausbildungsnetzwerk Neukölln).	This action focuses on improving the range of training opportunities. The transition from training to jobs is facilitated by the action office for training in Neukölln (Aktionsbüro Ausbildung).
Action 4: "Opening up small firms - promoting structural change in SMEs".	The action focuses on training in sustainable jobs, which is given to older workers and unskilled or semi-skilled workers, and in particular to those who have been made redundant from large companies in traditional industries. Existing companies are being given support for restructuring.
Action 5: "Towards environmental awareness in Neukölln - environmental audit for firms and administrations".	A pool of 10 companies has been set up to share implementation of the individual stages of the audit and makes firms and public institutions more aware of environmental issues.
Action 6: "Neukölln business days".	The business show was intended to act as a platform for demonstrating the district's dynamic economic infrastructure.

By mid 1999, all 6 actions have been continued and completed with new elements. They have been carried out in fields such as social urban development in Neukölln, support for start-ups, networking for new training possibilities for young people, support of structural change in SMEs, auditing and local networking. Additional new actions were planned in the fields training for employment in the new media sector, Neukölln meets Europe and new forms of work.⁵³

In 1999, the initial action plan of the Berlin TEP was modified. In the **revised action plan of 1999**, the previous 6 actions are partly redrafted and enlarged. Due to a further differentiation of individual activities, also the main headings of the individual campaigns had been

⁵³ Zenit, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999.

changed. However, the six redrafted campaigns still correspond to the main fields of action outlined by the previous action programme.⁵⁴

In addition, the TEP actively planned to implement new activities from the year 2000 onwards. Over the time, 6 new campaigns were developed. While in the previous period the focus of the TEP had been more towards securing existing jobs through investments in physical assets, the enlarged campaign of the Neukölln pact now focussed more on the creation of new sustainable jobs through investments in human capital.⁵⁵ A total of 12 campaigns were subsequently implemented or planned to be implemented from the year 2000 onwards (see table 2 below).

Table 2 Re-drafted „campaigns“ of the new Neukölln TEP action programme (1999-2001)		
Campaign No 1: "Social development in Neukölln"	urban in	1 The action aims at reintegrating people living in the city district into work, especially those receiving Social Security and in particular young people and the long-term unemployed.
Campaign No 2: "Neue GründerZeit"		2 The action aims at encouraging young people to become self-employed and provides longer coaching for young people running their own small businesses in order to stay in the market.
Campaign No 3: "JA=ZZ – youth age - future age"		3 The action aims at creating additional training opportunities.
Campaign No 4: "Challenge"		4 The action aims at supporting structural change at individual company level (SMEs), as a means of taking preventive action to safeguard jobs.
Campaign No 5: "Neukölln Convoy"		5 The action aims at promoting ecological audits and at experimenting in environmentally friendly business management featuring six companies.
Campaign No 6: "Networking"		6 The action aims at promoting and strengthening SMEs by networking local players and at successfully marketing Neukölln as an attractive location for economic activity.
New „Campaigns“ of the new Berlin-Neukölln (introduced and partly implemented from 1999 onwards)		
Campaign No 7: "Women business centre Neukölln"		The main goal is to provide infrastructure and accompanying support to enable female into planners and young businesswoman to start up their own companies.
Campaign No 8: "Citizens foundation Neukölln"	foundation	The citizens foundation was set up in response to widespread calls for a civic initiative that could tackle concrete problems and thus make a contribution to regional development. The foundation has focused on 4 areas: capital, co-operation, community work and communication.

⁵⁴ Aktionsplan 1999-2001 für den territorialen Beschäftigungspakt Berlin Neukölln "Lokales Bündnis für Standortsicherung und Beschäftigung".

⁵⁵ Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln (Final Report, English Short Version, December 2001).

Campaign No 9: "Maintaining companies already based in the district"	The aim is to do everything possible to prevent companies already active in the district from going out of business. At the earliest opportunity companies are given the assistance they need to remain viable and keep their workforce in employment. Such efforts should help to boost the image of the district and improve the local economic climate.
Campaign No 10: "Commercial and industrial space mart"	The commercial and industrial space mart aims to ensure that commercial space is not left standing empty and that available space is taken up as quick as possible. The mart can be accessed in the Internet, where a comprehensive survey of all data on available space is to be found. The primary users of the commercial and industrial space mart are companies seeking to start up or expand and other investors.
Campaign No 11: "Neukölln vocational assistance network"	The network focuses on young adults up to the age of 27 and aims to support them in their efforts to become integrated in both the world of work and society in general.
Campaign No 1two: "Centre of culture Neukölln"	This action is aimed to form and sharpen the cultural profile of Neukölln by presenting its great ethnical richness and multitude and by intensifying cultural exchange within and outside Europe.

Indirect outputs and results relating to employment and economic development

A total of 2,371 jobs and training openings have been created during the lifetime of the territorial employment pact of Neukölln, of which 1,283 are in the primary employment market, 318 are training placements and 770 are openings in the publicly subsidised employment sector.⁵⁶

The **most successful activity** regarding job creation was Campaign no 1 mainly focussing on “employability” (1.854 new jobs), followed by Campaign no 3 mainly focussing on creating new training opportunities (351 new jobs) and Campaign no 2 (118 new jobs) focussing entrepreneurship/new job opportunities.

A more detailed presentation of the initially planned targets and the actually achieved results (quantitative and qualitative) for each Campaign can be found in the table below (see table 3).

Despite the positive results of the district employment pact, it was not possible to inverse the negative trends on the labour market. In fact, the unemployment rate at the end of the lifetime of the pact is higher than at its beginning. The pact co-ordinator stressed however that unemployment would be even higher if the pact would not have operated in the area.⁵⁷

Table 3		
Planned Objectives and results achieved by the Berlin Neukölln TEP		
Action / Campaign	Initial targets / objectives	Results achieved
Action 1 / Campaign 1: Social urban development	<ul style="list-style-type: none"> • At least 195 placements • Positive effects on the 	<ul style="list-style-type: none"> • 1854 placements • diverse positive effects

⁵⁶ **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln** (German Long Version, December 2001). **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln** (Final Report, English Short Version, December 2001).

⁵⁷ **Interview** with the pact co-ordinator

Table 3 Planned Objectives and results achieved by the Berlin Neukölln TEP		
Action / Campaign	Initial targets / objectives	Results achieved
in Neukölln – living and working in the city district	residential area and its residents	on the residents and the district
Action 2 / Campaign 2: Neue GründerZEIT – young people become self-employed – young businesses stay in the market	<ul style="list-style-type: none"> • Promoting start ups (entrepreneurs between 18 and 35 years of age) • Supporting companies (especially micro businesses) in the growth phase (up to 3 years after they are started up) 	<ul style="list-style-type: none"> • 37 start ups with around 118 new jobs • 70 businesses provided with advice • BEST PRACTISE PROJECT Brussels 1999
Action 3 / Campaign 3: JA=ZZ – YouthAge – FutureAge	<ul style="list-style-type: none"> • Acquisition of on-the-job training posts by the campaign training office (ABA) • Creation of training associations at a local level • On-site advice and information events 	<ul style="list-style-type: none"> • Setting up the campaign training office with extensive range of services • 45 permanent jobs • 306 on-the-job training posts
Action 4 / Campaign 4: Challenge – promoting structural change in small and medium-sized	<ul style="list-style-type: none"> • New model strategies for restructuring processes in KMU • Qualification of employees to increase competitiveness • Personnel transfer in case of unavoidable job cuts 	<ul style="list-style-type: none"> • Advice provided to over 30 companies in over 55 individual projects • Over 220 participants in qualifications • 25 placements in new jobs • All the companies advised still exist in the market
Action 5 / Campaign 5: For an environmentally aware Neukölln using eco-audits	<ul style="list-style-type: none"> • Eco audits 	<ul style="list-style-type: none"> • 220 employees from 6 small and medium-sized companies trained
Action 6 / Campaign 6: Networking – promoting and strengthening small and medium-sized companies by networking local players Campaign 10: Setting up an exchange for commercial space in Neukölln	<ul style="list-style-type: none"> • Presentation of Neukölln as a location for industry, skilled trades & crafts, commerce • Networking the Neukölln businesses and retailers in central shopping locations • Avoiding empty commercial properties or rapid reuse 	<ul style="list-style-type: none"> • Commerce & Industry days, for example, in 2001; 250,000 visitors, 66 exhibitors • Skilled Trades & Crafts days, for example, in 2000: 90,000 visitors and 60 firms participated • Rudow “Mile Festival“, for example in 2000 • Exchange for commercial space: 405 offices and 1,121 shops recorded

Table 3 Planned Objectives and results achieved by the Berlin Neukölln TEP		
Action / Campaign	Initial targets / objectives	Results achieved
		<ul style="list-style-type: none"> • Constantly over 300 properties on offer
Campaign 7: Women's Business Centre Neukölln	<ul style="list-style-type: none"> • Assistance for the starters of new businesses and for firms when starting up • Promoting exchanges and co-operations with other entrepreneurs • Assistance by taking in 1/several established businesses in the business centre 	<ul style="list-style-type: none"> • 740 sq. space have been rented at the Kindl Boulevard site • The negotiated terms are favourable • Areas from 20sqm have been ready for moving into since 1st October 2001
Campaign 8: Citizens' Foundation Neukölln	<ul style="list-style-type: none"> • To become active in a district with social problems • Lay the foundation for lasting social commitment • Promote local ties • Integration of citizens of various social and ethnic backgrounds 	(was in development phase at date of the final report)
Campaign 9: Sustaining the existence of Neukölln businesses	<ul style="list-style-type: none"> • Development of a preventive and continuous strategy for safeguarding the competitiveness of Neukölln firms • Strengthening the district resources • Networking local business players • Improving the endogenous potential 	(was in development phase at date of the final report)
Campaign 10: (See Campaign 6)	<ul style="list-style-type: none"> • See Campaign 6 	<ul style="list-style-type: none"> • See Campaign 6
Campaign 11: Neukölln network for careers advice	<ul style="list-style-type: none"> • Set up of a Youth Advice Centre at the transition from school/career with data-aided case management • Further development of the Youth Advice Centre as a Centre of Excellence of (Young People's) Careers Advice in Neukölln 	<ul style="list-style-type: none"> • 20 jobs created • Multimedia café/ 11 • Network training/ 2 • Neukölln network for careers assistance/ 2 • Neukölln network - The Database/ 2 • Social care for leading to employment & qualification measures/ two
Campaign 12:	The uppermost objective of the	<ul style="list-style-type: none"> • 5 temporary jobs

Table 3 Planned Objectives and results achieved by the Berlin Neukölln TEP		
Action / Campaign	Initial targets / objectives	Results achieved
Neukölln culture network	Neukölln culture network is to maintain and develop the existing cultural facilities in the district. To this end, the aim is to extend the active cultural and user section of the district's population with the cultural target group work.	<ul style="list-style-type: none"> • 1 qualification measure • 5 participants in the qualification measures

Additional benefits of the TEP

A very positive unexpected result was that Campaign / Action 1 of the pact had been concluded extremely successful.⁵⁸ The positive quantitative results achieved by Campaign no 1 are however only one aspect. Even more important is the changed mentality of the people living in the deprived neighbourhood and the improvement of the overall living conditions.⁵⁹ The successes are visually perceptible: the Rollberg quarter, one of the main problem areas in the district, today appears greener and tidier, e.g. the ugly scribbling has been replaced by aesthetic, qualitative Graffiti art.⁶⁰

In addition, the TEP partnership also gave rise to social benefits of diverse dimensions. For example, the provision of district-related data enables a more accurate and purposeful approach e.g. with respect to the offer of job and qualification opportunities for residents.⁶¹ Within the Turkish immigrants community in Neukölln, the pact has contributed to set up an "Entrepreneur Roundtable" and achieved to improve their overall common identity, but also their integration into the larger district community.⁶²

Another unexpected output is the fact that other district employment pacts have been created partly on the ground of the positive impact of the Neukölln pact. Finally, an unexpected result was also the mainstreaming of the pact approach into the future Structural Funds programmes for Berlin. This has led to the creation of the so-called "Berlin District Employment Alliances" BBB (see below) by the old Senate.⁶³

The structure of the territorial employment pact continues to exist as such. However, some key actors from the political level (district mayor, member of the Berlin Senate) have left the partnership mainly due to changed job affectations or election results. Also the Philip Morris company does not participating any longer in the partnership.⁶⁴

Management of Pacts

⁵⁸ Interview with the pact co-ordinator

⁵⁹ Interview with participants of the pact

⁶⁰ *Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln*. (Final Report, English Short Version, December 2001).

⁶¹ *Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln*. (Final Report, English Short Version, December 2001).

⁶² Interview with participants of the pact

⁶³ Interview with the pact co-ordinator

⁶⁴ Interview with the pact co-ordinator

Roles of key stakeholders involved in the implementation and management of the TEP

The central actor of the pact is an “**association promoting business and employment**” in the area (**Wirtschaft und Arbeit in Neukölln e.V.**). With its organisational form as a non-profit making registered association under German law (eingetragener Verein, e.V.) and its related statutes, the pact is embedded in a clearly defined legal framework. There are regular board meetings of the association that discuss and define the main priorities.

Due to pact’s organisational form as a private law based association, it has very well integrated enterprises into its work. The broad partnership comprises a wide range of public and private actors who contribute actively to the projects. Relations to the monitoring committees are established through representatives of the Senate’s department of Labour and the pact co-ordinators.⁶⁵ The association’s membership is made up of

- local politicians (the district mayor, a member of the Berlin's Senate),
- administrative authority staff (representatives of the Berlin's Senate administration for Labour, Training and Women as well as of administrative representatives managing the European Social Fund),
- representatives of the local employment office Berlin South,
- job creation enterprises, SMEs and major local companies (more than 30),
- social partners (trade unions) and employers associations.

A management consultancy (**Gesellschaft für soziale Unternehmensberatung mbH**", **GSUB**) is responsible for devising and co-ordinating the measures carried out under the pact. It has close contacts with the Senate service for employment, vocational training and women, and the Berlin-south employment office.

In operational terms, the association as central actor of the pact monitors the individual aspects of the action plan and assures the coherence and integration of individual actions (so called "campaigns"). All those active in the "campaigns" are members of the association and participate in the co-ordinating meetings. Vice versa, all individual "campaigns" of the pact are implemented by the members of the association, by the managing consultancy or by the association itself.

As a support structure, a **steering committee** has been established that is composed of representatives of the local economy, the president of the association, delegates from the Senate administration for Labour, social affairs and women, the local employment office and the co-ordinating management consultancy.

Through the TEP-activities, the **district administration** for "economic counselling" could reach a valorisation of its own work in the field of stimulating economic development. According to this view, the pact has significantly contributed to stimulate the office's work and has achieved to integrate traditionally hesitant actors into joint working processes at a district level.⁶⁶

⁶⁵ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

⁶⁶ **Interview** with participants of the pact

Support provided from the **German technical assistance office (ZENIT)** was considered very positive, especially during the elaboration phase. Precious help could be given with regard to initially networking the actors of the local level and to mobilising financial means for pact activities. Besides this initial help, also the ongoing activities were considered very positive.⁶⁷

Pact resources

With regard to **human resources mobilised for the pact management**, two full-time positions had been dedicated to the pact management (one in the framework of GSUB and another in the framework of the pact association) during the first phase of the pact's running period (1998/1999). After the revision of the initial workplan in 1999, 3 full-time jobs have been dedicated to the management of the pact (one in the framework of GSUB and two in the framework of the pact association). Since 1999, the workload related to the management of the pact exceeded the formally required input. The pact management is considered as efficient, mainly due to the fact that with relatively little input very much had been achieved.⁶⁸

The **financial resources for technical assistance** mainly contributed to finance the human resources mobilised for the pact management. Other resources of the pact had been the financial contributions to the pact association (low in the beginning and higher at date), which contributed mainly to finance public relation activities such as the gatherings of the crafts enterprises.⁶⁹

Project financing was always based on several sources of finance such as EU structural funds, local and regional public funds, private investment and contributions from the Federal Labour Office. National funds financed about two thirds of the initial project volume.⁷⁰ As concerns the initial action plan, the financially most important projects were the Activities one, 4 and 3. At date of the TEPs final report (April 2001), all pact projects produced a total volume of cost amounting to 26.623.310 EUR. This total amount has been financed⁷¹

- to 6.3% by EU funding sources,
- to 49.2% by national public funding sources,
- to 31.3% by regional public funding sources
- and to 13.1% by private funding sources.

The EU district pact therefore was able to mobilise a high share of private co-financing. Private companies such as the housing company also contributed "in kind" to the activities of the pact (delegation of a secretary to the pact association). Other "in kind" support came from major local companies (Philip Morris) and the start-up competition could be financed by private means.⁷²

⁶⁷ Interview with the pact co-ordinator

⁶⁸ Interview with the pact co-ordinator

⁶⁹ Interview with the pact co-ordinator

⁷⁰ Zenit, Final Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 12th of August 1998.

⁷¹ Abschlusßbericht Territorialer Beschäftigungspakt Berlin Neukölln (German Long Version, December 2001).

⁷² Interview with the pact co-ordinator

Technical assistance from the ERDF also contributed to finance the district pact's mainstreaming enlargement towards the Berlin „District Employment Alliances” BBB (see below).⁷³

If one simply puts in relation the total cost and the outputs (jobs) of those Campaigns that have realised 98% of the jobs created by the TEP (no 1-3), the ratio is 10.271 EUR/job.⁷⁴ Although not yet scientifically analysed in depth, the pact co-ordinator estimates that the new employment opportunities created by the district TEP are "cheaper" than those created by the classical labour market instruments.⁷⁵

Dissemination and networking activities

In June 1998, the Neukölln pact hosted a seminar of all the German pacts that proved the dynamics of the actors as well as their professional organisation. Several projects were presented where first steps of the implementation have been taken.⁷⁶

In 1999, the Neukölln pact was very active in the dissemination of the pact results reached up to now. It organised a workshop in February 1999 where the intermediate results were presented and discussed in the perspective of the new programming period of the Structural Funds. At the end of March 1999, the implementation of Action 6 of the action plan took place, the event "Neuköllner Wirtschaftstage". With the participation of high level representatives of the district, the Berlin government and the European Commission, this event presented the activities of local companies and other actors participating in the pact. It met with considerable response from the press.⁷⁷ In the second half of 2000, the Neukölln TEP has organised more than a hundred events. More than 50 events were planned in the first half of two001.⁷⁸

In addition to the transnational exchanges of experience and good practice organised by the European Commission, 7 larger northern European cities have come together to form a transnational groping, now known as "Metrotep". The TEPs have agreed to collaborate with the aim of developing a shared understanding of unemployment in metropolitan regions and to support innovation in approaches to tackling urban unemployment and its underlying causes. The project has been started in January 1998 at a conference in Bremen, when the idea of co-operation was first raised. Since, partners met in Copenhagen (March 1998), London (June 1998), Stockholm (October 1998), Hamburg (April 1999), Brussels (November 1999) and Berlin (March 2000). The work undertaken so far has been to agree priorities among the partners and has provided opportunities to exchange good practice. one focus was the development of SMEs (e.g. Neukölln in Berlin) and the establishment of social businesses with private sector involvement. In the context of other measures, the partners have looked at support services provided to unemployed people e.g. Stockholm, Hamburg or London. A

⁷³ **Interview** with the pact co-ordinator

⁷⁴ Own calculations

⁷⁵ **Interview** with the pact co-ordinator

⁷⁶ **Zenit**, Final Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 12th of August 1998.

⁷⁷ **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

⁷⁸ **Zenit**, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000.

spin-off of Metrotep was the collaboration of all partners in a project for "preparatory actions to combat and prevent social exclusion". In addition, Berlin, Hamburg and London were working on a project called "AVALON" that has been submitted to the European Union for funding (preparatory measures for local commitment for employment). Metrotep has also actively contributed to enhance the mainstreaming of the TEP-approach under the new Structural Funds programming period 2000 to 2006.

From this initiative, the transnational **"Metrolt"-partnership project** was created that involves 7 metropolitan cities in 5 EU member states. The city areas involved contain some of the most deprived neighbourhoods in the European Union characterised by high crime rates, poor health, no qualifications and skill levels, long-term unemployment and bad housing.

Mainstreaming

The employment pact in Neukölln has set the cornerstone for a new, extremely promising strategy, which links commerce and industry, employment and social matters at a local level, to increase employment and the competitiveness of the companies long-term.⁷⁹

Based on the example of the Neukölln employment pact, the state of Berlin has made the promotion of local development projects one of the main focuses of its strategy for using the European Social Fund. With the resolution of the Mayoral Council for the implementation of "District Employment Alliances" in August 1999, all the Berlin districts were given the opportunity to set up such local alliances. Since, the experiences from the Berlin-Neukölln TEP have been generalised. The Berlin Senate Administration for Employment, Social Affairs and Women had developed an incentives strategy for the whole of Berlin, which centres on the local approach to employment policy. This strategy of "Bezirklichen BeschäftigungsBündnisse/BBB" (District Employment Alliances) was implemented in practice by a broad coalition of local players in the BBBs looked after by GSUB in Marzahn-Hellersdorf, Treptow-Köpenick, Lichtenberg-Hohenschönhausen and – as a continuation of the TEP- in Neukölln.⁸⁰

The newly elected Senate renewed the formal recognition of the BBB, but has renamed the approach into "Pacts for Economy and Employment". Until now, the new Senate has however not fully made clear how the financial aspects will be dealt with. This is also due to the financial catastrophe, the city of Berlin is currently undergoing.⁸¹

In addition, there still are tendencies within the Land administration to question the district-based approach in the field of structural policy. This is partly due to the lacking formal competencies at district level, but mainly a result of the scarce financial means within the Land Berlin. Therefore a "decentralised action" of the district level in the field of labour market policy or economic development is considered duplication of efforts.⁸²

⁷⁹ **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln.** (Final Report, English Short Version, December 2001).

⁸⁰ **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln.** (Final Report, English Short Version, December 2001).

⁸¹ **Interview** with the pact co-ordinator

⁸² **Interview** with the pact co-ordinator

Assessment of overall added value of the TEP

The contribution of the TEP to achieving Community priorities

The main focus of the Neukölln pact strategy was to improve the adaptability of the workforce, to improve employability, to stimulate entrepreneurship and to promote new sources of jobs. The main target groups of the TEP were young people, immigrants, people with disabilities, older workers, low skilled or undereducated people and the long-term unemployed.

The activities supported under the pact primarily focussed on creating new jobs and combating unemployment among foreign migrants and on tackling exclusion of older industrial employed. Other issues were the improvement of employment access and the combat against unemployment among young people or the raising of the employability of unemployed people. Furthermore, the pact activities concentrated on stimulating entrepreneurship and on improving adaptability of workers. A specific issue of the pact was to promote eco-audits for enterprises and the administration and to promote the district's location through specific PR-events.

In all these fields, the Berlin-Neukölln TEP has achieved significant results. It has contributed to increase the level of employment and to job creation, but also to human resources development and to equal opportunities. However, the overall district unemployment rate could not be reduced.

Benefits of the TEP-implementation method (including Structural Funds working methods)

At the beginning, the level of governance for labour market interventions can be described as partially developed, e.g. some levels are not well integrated. Within the larger context of the Land Berlin, the district pact can be considered a clearly local bottom-up initiative.

Due to the pre-existence of other local initiatives in Neukölln, the pact partnership can be considered an "old partnership performing an old function" at the outset. This status remained more or less unchanged, although the quality of the partnership has significantly increased over the entire life cycle of the pact.

Initially, the most important difficulties encountered during the operation of the pact partnership appeared in practically implementing the cross-sectoral policy approach. In order to favour such a development, specific activities of the employment pact had been "attributed to" or "aligned with" different administrative units operating at district or Land levels. In order to provide integration and coherence of the whole, Activity 6 was focusing on public relations and networking.⁸³

Over the time, the different participants in the pact have reached a strong common understanding of the objectives and could also create a common identity. This can partly be attributed to the existence of previous networking, but mainly to the ongoing regular

⁸³ Interview with the pact co-ordinator

meetings within the district pact.⁸⁴ In evaluating the quality of the local partnership, the pact co-ordinator states the following:⁸⁵

- An important advantage of the pact partnership was the existence of a formal associative structure that had been set up especially for the pact.
- Another important contribution of the pact partnership was that it favoured to create a cross-sectoral approach of the administration in the district as regards the local structural policy (employment policy and local economic development).
- Finally, the district pact in Berlin could also achieve that the partnership was concluded across different political cleavages.

The **most innovative elements of the TEP** have been the following:⁸⁶

- Creation of a structure transgressing different policy fields that continues to exist at date.
- Creation of an active employment policy approach that focuses on creating new sources of employment and integrating specific problem groups of the labour market.
- The creation of the "employment pacts at district level in Berlin".
- The stimulation of a broader approach towards young entrepreneurship and the creation of start-ups.
- The combination of pact actions with a high degree of publicity that are linked to concrete follow-up measures.

Monitoring was well organised and tasks have been separated clearly between the different pact institutions: The day-to-day monitoring was carried out by the pact co-ordinator GSUB, whereas the „pact association“ and its advisory council (Beirat) took over a monitoring committee function.⁸⁷

External experts separately evaluated each activity of the district TEP. This evaluation was carried out in form of an ongoing evaluation (and the production of a mid-term evaluation report), as well as through an ex-post evaluation resulting in a final report. In addition, the public labour market service was asked to check its success rate for "job transfer" and to check on the duration of maintenance in jobs on a case to case based.⁸⁸

The multiplier and leverage effects of the TEP (financial dimension)

The multiplier effect of the pact can be considered very satisfactory. All pact projects have produced by a total volume of cost amounting to 26.623.310 EUR (in 2001). Especially the mobilisation of national public funding sources (49.2%), regional public funding sources (31.3%) and private funding sources (13.1%) is noteworthy.

Networking, dissemination and exchange of experience at EU level

⁸⁴ **Interview** with participants of the pact

⁸⁵ **Interview** with the pact co-ordinator

⁸⁶ **Interview** with the pact co-ordinator

⁸⁷ **Interview** with the pact co-ordinator

⁸⁸ **Interview** with the pact co-ordinator

As it can be seen above (see 4.7.), the Berlin pact was very actively promoting its activities and has achieved a lot of changes in Neukölln.

The pact partners see the international exchange as a central aspect of the pact's work. External stimulus gained through study visits was very important in elaborating specific actions for the district pact.⁸⁹ International partners provided suggestions for the Berlin initiative and on the other hand, various campaigns from the Berlin Neukölln TEP have been presented several times at an international level, e.g. in Rome and Brussels.⁹⁰

The idea of the pact has been very well received in Berlin so that other districts of the city wanted to adopt the concept. Therefore the pact has planned some transfer actions in its new action plan. The Land Berlin has decided to make the support of local development projects a focal point in the ESF strategy for the period from 2000 to 2006.⁹¹

Lessons⁹²

The Berlin-Neukölln TEP is one of the most active and successful German pacts. It is a very good example, not only from its organisation and success, but also from the very good mainstreaming results.⁹³

Above all, the pact has succeeded in extending the local network and involving numerous local initiatives in the alliance. Investment, economic and employment market funds are used across and beyond departmental boundaries to create more employment and improve the quality of life. But the resources of private sponsors also enabled the achievements of the qualitative and quantitative results described above.⁹⁴

The **main strengths and achievements** of the Berlin-Neukölln TEP are the following:

- An important advantage of the pact partnership was the existence of a formal associative structure that had been set up especially for the pact. This is, also with regard to other German pacts, a rather novel approach.
- The activities of the pact created more than 2000 new jobs/ places for vocational training.
- The pact succeeded in integrating a large number of enterprises that contributed actively to its activities, also with respect to finance.
- The pact orientated its activities alongside clearly quantified objectives, which can be considered as a novel action also in the local context.
- The pact significantly improved co-operation between the different actors, promoted a better integration of different policy fields at local level and achieved to integrate funds at project level.
- The pact also achieved to transfer the TEP-approach and specific "projects" to the whole city of Berlin, but also to other areas (e.g. in Poland). In addition, the pact contributed to

⁸⁹ Interview with participants of the pact

⁹⁰ **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln.** (Final Report, English Short Version, December 2001).

⁹¹ **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

⁹² **Zenit**, Final Report, Territorial Employment Pacts in Germany. Reference period: January 2001-June 2001.

⁹³ **Zenit**, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000.

⁹⁴ **Abschlußbericht Territorialer Beschäftigungspakt Berlin Neukölln.** (Final Report, English Short Version, December 2001).

create additional co-operation structures such as the neighbourhood management in the district of Neukölln

- There has been a very active involvement in transnational co-operation with other pacts (e.g. the Metrotep/Metronet project)

The **main weaknesses** of the Berlin-Neukölln TEP are the following:

- Despite the initial commitment of the “old” Land government to the extension of the pact approach to other districts (BBB-approach), the new Senate has until now not decided on the financing of the new approach ("Pacts for Economy and Employment"). There is still a risk that the activities both in Berlin-Neukölln as in the other districts will stop due to catastrophic budget situation in Berlin.
- The unemployment rate did not change (still 22 %).

THE EU-TERRITORIAL EMPLOYMENT PACT IN NORTH RHINE-WESTPHALIA

The Background to the Pact

The EU-territorial employment pact in the Land North Rhine-Westphalia (Ruhr-TEP) covers 3 sub-regions with more than 3 million inhabitants, which are heavily affected by the decline in the German hard coal sector.

- Parts of the **Region „Eastern Ruhr“** with the cities and towns of Dortmund, Hamm, Ahlen and parts of the district of Unna.
- The **Region „Emscher-Lippe“** in the northern Ruhr with the towns of Gelsenkirchen, Bottrop, the 10 towns of the county of Recklinghausen and the city of Herne.
- Larger parts of the **Region „Lower Rhine“** with the city of Duisburg and parts of the district of Wesel.

Since the 1960s the pace of structural change has quickened in the Ruhr area, resulting in a massive fall in employment in the coal and steel sector and a slow growth in the service sector.

The **main characteristics of the labour market** in the North Rhine Westphalia pact area have been that of an inner-urban and suburban labour market. With regard to the initial labour market situation in the areas covered by the Ruhr TEP, one can summarise the situation as follows:⁹⁵

- At the beginning of the TEP, the unemployment rate of these regions was at an average 3.5% higher than the Land average and more than 4.5% higher than the average of the western German Länder. In April 1997, unemployment rate was at 15.7%. In individual areas such as Dortmund, Duisburg or Gelsenkirchen, the unemployment rate in an annual average is over 17%.
- In 1997, new restructuring measures for the coal sector were published that would lead to the loss of 17.000 jobs. Accounting the indirect effects of these measures on neighbouring economic activities or the effects of a reduced purchasing power in the area, one expected additional 27.000 jobs to be lost in the near future.

⁹⁵ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen Regionen im Ruhrgebiet. Aktionsplan, Stand 3. April 1998.

- Long-term unemployment is a particular challenge in the pact regions. Another specific phenomenon of these coal and steel areas is the rising tendency towards women employment. However, women are still confronted with particular difficulties to access the labour market.
- At the end of 1998, average unemployment was approximately 15%. This rate was still considerably higher than the Land and national average. Also the percentage of long-term unemployment remains extremely high in the area.

The **traditional policy approach** for tackling structural change in North Rhine Westphalia (NRW) was to extend and develop the scientific infrastructure and to support technology transfer towards the economy (with the creation of technology centres and counselling bodies). Other aspects were measures that aim at re-activating and re-using the multiple redundant land areas existing in the regions. These efforts were accompanied by the classical instrument of the labour market policy, which mainly aimed at raising the individual qualification standards of unemployed people in order to prepare them for new employment on the first labour market (qualification and re-qualification measures). In the framework of this active structural and labour market policy, a large number of counselling and supporting structures for the elaboration and implementation of specific projects have been developed.⁹⁶

The Ruhr-TEP was embedded in the already established concept of a **„regionalised structural and labour market policy“ of the Land North Rhine Westphalia**, in which relevant social partners and the most important actors in the field of local and regional economic or employment development are involved. This concept is also an integrative part of the mainstream Structural Funds policy of the Land North Rhine Westphalia.⁹⁷ In the context of this regionalised structural and labour market policy in NRW, the sub-regions involved in the Ruhr-area pact have at their disposal own administrative and institutional structures.⁹⁸ There is one "regional conference" in each of the 3 sub-regions (Regionalkonferenzen) and a total of 6 „regional advisory councils“ (Regionale Beiräte).

Taking into consideration the existing approach of the structural and labour market policy in North Rhine Westphalia, regional actors saw however additional scope for action:⁹⁹

- With regard to economic development, "cluster building" between various enterprises of specific branches is seen to be a promising approach that has to be completed by measures in the field of new technologies and innovation. In this larger framework, an essential factor for success is to provide for measures that raise capacities and qualification of the employed.
- The preventive approach in the field of labour market policy can also be improved, especially by introducing project or process-based innovation, new organisational structures or new forms of labour organisation in SMEs. one important issue of this

⁹⁶ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Aktionsplan, Stand 3. April 1998.

⁹⁷ **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

⁹⁸ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

⁹⁹ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Aktionsplan, Stand 3. April 1998.

approach is also to raise the competence and qualification of the employed.

- Additional approaches mainly concentrated on supporting new public-private partnerships in the field of structural and labour market policy, to further develop the still weak service sector and to stimulate the creation of new enterprises by young people as an individual alternative to unemployment (start-ups).

The **first impulse to set up a TEP in the Ruhr** came from the Land government of North Rhine Westphalia. The objective was to give new impulses for tackling of the structural change in those Objective 2 regions particularly affected by the decrease of employment in the coal and steel sector on a socially acceptable base. Despite the initial idea to create 3 individual pacts in the area¹⁰⁰, only one TEP proposal was elaborated in close co-operation with the three sub-regions and submitted by the Land Ministry for economy to the European Commission.¹⁰¹

Due to the complex “institutional settings” existing in the sub-regions involved in the TEP, the preparation phase of the pact process has suffered from a certain delay at its beginning.¹⁰²

one reason has been the complex discussion process within each of the sub-regions during the elaboration phase of the proposal and the subsequent TEP action programme.¹⁰³

- The "regional conference" Emscher Lippe already gave its support to the TEP back in March 1997 and supported in October 1997 that the Emscher Lippe agency is charged with the co-ordination function of the TEP. Also the "regional advisory council" (Beirat) of the Emscher Lippe region has given its support to the TEP in March 1998.
- In the region Duisburg/Lower Rhine, long-lasting discussions of local actors about the precise form to implement the pact philosophy had taken place. As a result, it was agreed to contribute to the pact with the key project "logistics region Lower Rhine" (later LogNet).
- The "regional conference" Dortmund/district Unna/Hamm dealt with the territorial employment pact during its meeting of May 1998 and supported the activities of regional actors in this context.

In parallel to these intra-regional discussion processes, consensus building among the sub-regions was not easy to be achieved. In this framework, the „Emscher-Lippe Agency“ as the TEP co-ordinating body acted as a „broker“ that facilitated the exchange among the partners and speeded up the definition of specific activities. A first meeting of the “forum regional employment pact” (see below) was organised in December 1997. As a result of this meeting and its agreements, the pact co-ordinator Emscher Lippe Agency further-developed the work

¹⁰⁰ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Zwischenbericht

¹⁰¹ **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

¹⁰² **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

¹⁰³ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Zwischenbericht

programme and presented it to the Commission on the 19th of January 1998.¹⁰⁴

Finally, necessary qualitative improvements that had to be made for the initial TEP action programme. The initial pact working document did not contain financial tables informing about the monetary contribution of national public and private actors as well as of the European Commission and lacked of precise impact indicators and prescriptions for evaluation.¹⁰⁵ Later on, the pact office has however provided a financial table for the work programme.

In one999, the NRW territorial employment pact only applied for the extension phase but no additional budget was requested for activities.¹⁰⁶

Direct outputs and results of the TEP

Building on existing structural and labour policy instruments, **the overall mission of the Ruhr-TEP** was designed to promote and to improve the ongoing development of the „decentralised regional structural and labour market policy“ in the Land North Rhine-Westphalia. Within this larger framework, joint action between the different sub-regions involved in the Ruhr-pact should be guided by the overall objective to raise the local level of employment.

Bottom up approach

The Ruhr TEP can be considered a top-down initiative (during the initial phase) that was transformed into a bottom up approach (a „pact of the sub-regions“): Whereas the first impulse for the Ruhr-TEP has come from the Land government of North Rhine Westphalia, the individual sub-regions concerned have subsequently identified specific project ideas of particular importance to their area that were included in the TEP action programme.

During the preparation and elaboration phase of the pact, the "Emscher Lippe agency" (as the designated TEP co-ordinator) organised a number of sometimes difficult discussion rounds in the individual sub-regions that aimed at further developing initially planned project ideas and at designing additional innovative projects.¹⁰⁷

Broad partnership

The setting up of new partnership structures for the Ruhr pact was not considered necessary,

¹⁰⁴ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

¹⁰⁵ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

¹⁰⁶ **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – March 1999. **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

¹⁰⁷ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Aktionsplan, Stand 3. April 1998.

as a broad participation of all relevant actors was already assured through the approach of the „regionalised structural and labour market policy“ in NRW. This was one reason why a formal partnership agreement has not been signed for the Ruhr pact.¹⁰⁸

Therefore, partners had to find an alternative organisational framework at the level of the TEP, which allowed for an exchange of experience between the sub-regions involved and for a joint development of new strategies or projects. In the same time, this framework was intended to ensure the involvement of the specific decision-making structures established under the „regionalised structural and labour market policy“ (e.g. "regional conferences" or "regional councils").¹⁰⁹

For this purpose, the **model of a "forum" has been chosen (Forum Beschäftigungsbündnis)**¹¹⁰, which involves all sub-regional actors and networks of the regionalised structural and labour market policy in the areas concerned. A first meeting of the "forum territorial employment pact" took place in December 1997. Since then, 8 other meetings of the forum have been organised.

The formal composition of the forum has been elaborated in agreement with the Land Ministries of economy and of labour, as well as with the regional actors. The forum is composed of representatives of

- the employment promotion agency GAFÖG,
- the devolved Land government administrations in Düsseldorf and Münster (Bezirksregierungen),
- the trade union representative in North Rhine Westphalia (DGB Landesbezirk),
- the regional development agency Eastern Ruhr Area and the Emscher Lippe Agency,
- the working community for women Emscher Lippe (FAGEL),
- the agency for innovative employment promotion (GIB),
- the trade union for the sector mining, chemistry and energy (IGBCE),
- the Land Ministry for labour (MASSKS) and economy (MWMTV),
- the Chambers of commerce and industry of the Lower Rhine
- the regional secretaries
- the municipal departments for economic development.

This composition did however not assure a full representation of virtually all participants of the various sub-regions. Partners of the pact agreed to work with a „flexible and open participation“, which meant that a rigid scheme for representation was avoided and that actors within the partnership changed according to the themes tackled during individual meetings.¹¹¹

The initial tasks of the forum were to discuss the content of the pact activities and to select and critically monitor the projects that should be developed further according to the above-mentioned overall objectives of the pact. The forum was however not legitimised to decide

¹⁰⁸ **Interview** with the co-ordinator of the Ruhr pact.

¹⁰⁹ **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

¹¹⁰ **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

¹¹¹ **Interview** with the co-ordinator of the Ruhr pact.

on the implementation of individual projects, e.g. to decide their inclusion into the pact action plan. It should be merely concentrated on introducing innovative projects into the existing sub-regional decision-making organisations (Regionalkonferenz ; Regionaler Beirat) and to provide lobbying in order to make them operate. The forum can therefore be considered mostly as a "multiplier" or "discussion body" that fosters consensus and initiates new initiatives among the sub regions.¹¹²

Although the "forum regional employment pact" can be considered a kind of pact monitoring committee (although the working plan defines the forum as the working group of the pact) or a "pact of various local pacts",¹¹³ its role as well as the contribution of its members remain unclear.¹¹⁴

A conceptual integration of private firms into the pact process at strategic level was not foreseen. Private enterprises were however integrated to a large extent into the pact process at the level of specific projects.¹¹⁵

Integrated strategy

With regard to integration at the level of the TEP's strategy and actions, partners did not consider necessary to elaborate new structural analyses and assess economic development perspectives. Their main argument was that such analyses have already been carried out in each region in the framework of specific "regional development concepts".¹¹⁶

The approach of the TEP focussed on combining previously separate political areas of activity to heighten the job creating impact of the planned projects and at supporting continued innovative development of strategies and measures. Special emphasis was given to link equal opportunities to structural policy. The 3 sub-regions involved in the Ruhr pact did however not aim at implementing a "standardised strategy" or even a "standardised set of projects". They rather applied a common methodology with two main elements:¹¹⁷

- Individual projects within each sub-region that concentrate on an industry or service cluster that bears a potential for regional economic diversification.
- Combined qualification and employment measures that are developed and implemented with a clear focus on a co-operation between local training centres and the local businesses

¹¹² **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

¹¹³ **Interview** with the co-ordinator of the Ruhr pact.

¹¹⁴ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

¹¹⁵ **Zenit**, Final Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 12th of August 1998.

¹¹⁶ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Zwischenbericht

¹¹⁷ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

Regarding the integration between the different actors involved in the pact, it became obvious from the outset that two decisive factors would condition the success and the sustainability of the TEP process:¹¹⁸ the capacity of integrating the 3 sub-regions concerned into the whole pact process and the question to what extent a higher degree of co-operation among them would develop.

Innovative contents

Against the particular institutional and structural settings of the NRW-pact, its aim to further develop the regionalised structural policy in NRW can be regarded as an innovative pilot action. The action plan defines four fields in which a more innovative approach was planned:¹¹⁹

- participation of all local actors (in particular the private sector should be integrated)
- integration of labour market and structural policy
- stronger focus on employment effects of the projects
- innovative evolution of strategies and measures

The Pact's specific objectives and progress

The focus of the initial TEP action programme (1998) concentrated on the following priorities:

- To conduct a preventive labour market policy by improving business competitiveness (in particular by Upgrading skills in new technologies),
- A greater promotion of public-private partnerships,
- Promotion of the service sector,
- Support of new business start-ups,
- Individual coaching for the unemployed, in particular job seekers claiming social security benefits.

In order to realise these objectives, the action programme intended to take up and to further develop those local/regional project ideas that corresponded best to the EU-selection criteria (high impact on employment, innovative content, integrative approach and support of the first level in the market).

The initial TEP action programme (1998) also included a specific project on "the design of a preventive labour market policy and measures regarding job transfer". The aim was to network existing regional activities for the development of economy and labour in order to avoid competition on the labour market. This approach was expected to be implemented within each of the 3 regions via specific working groups and regional workshops, which shall

¹¹⁸ **Zenit**, Final Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 12th of August 1998. **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – March 1999. **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

¹¹⁹ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

receive financial support from the TEP-technical assistance and organisational support from the Emscher Lippe agency.¹²⁰ However, the first interim report¹²¹ of the Ruhr pact does not mention this specific project any more, wherefore one can conclude that TEP partners did not continue the activities initially foreseen.

Over the time, the territorial employment pact Ruhr has implemented 8 different pilot measures (see table 4 below).¹²²

The **quantification of expected employment effects** in the initial action plan of 1998 is rather vague, as individual projects or sub-measures only contained a "guess" for outputs that could be achieved by the pact.¹²³

- The individual activities carried out in the framework of the „**Grimberg 3/4 project**“ were expected to create new jobs. In a long-term perspective, the creation of 400-500 new jobs was expected to take place.
- In the framework of the „**ChemSite initiative**“, employment effects were based on an estimation of enterprises that could potentially be attracted to the area (creation of 1000 new full-time jobs).
- Under the common heading of „**measures aiming at the support of SMEs**“, the situation with regard to quantification was the following: The "Youth for work" projects did not contain an overall quantification of the expected employment outputs. is provided. The second project (qualifying women in the field of multimedia) foresees the employment of 6 project collaborators over a time span of 27 months, of which 5 will be newly created jobs. The employment effects of the third project (BauKoM) were only based on a rough estimate, i.e. about 10 people employed in the BauKoM agency an eventual creation of 180 jobs due to the mobilisation of additional contracts for smaller crafts enterprises.
- The employment effects of the „**LogNet project**“ are estimated up to the year 2002 at a creation of about 250 new jobs. These jobs are expected to be created in addition to the positive employment effects that will be generated by the general growth process of the logistics sector.

Table 4 Projects of the Ruhr pact action programme (1998/1999)	
Grimberg 3/4"	The initial aim was to develop SMEs and to create new enterprise in the field of new services on the site Grimberg ¾ (study for a logistics centre, start-ups in the field of social services and finally a „low cost crafts centre“).
And later	
„Bauforum	

¹²⁰ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Aktionsplan, Stand 3. April 1998.

¹²¹ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Zwischenbericht

¹²² **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

¹²³ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Aktionsplan, Stand 3. April 1998.

Table 4 Projects of the Ruhr pact action programme (1998/1999)	
project“	The project Bauforum is a measure that supports small and medium-sized enterprises and crafts of the construction sector in the region Eastern Ruhr Area with the aim to access future markets. The activities aim at founding a company for construction and development of crafts industries in co-operation with 2 banks, the development of innovative crafts sites (Handwerkshäuser), the co-operation of crafts companies and engineering offices in the field of facility management, the organisation of a campaign for energy check of buildings and the elaboration of competence and qualification network for crafts industries in the building sector.
„ChemSite initiative“	The innovative model project is a key initiative in the Emscher Lippe sub-region, which can also be a model approach for other areas especially with regard to new forms of co-operation between several industrial companies, politicians and the administration. In the context of this initiative, 6 local chemistry companies are directly co-operating to attract new companies to redundant land areas on their sites and to initiate new start-ups in the field of the chemistry branch. In the framework of this project, new enterprises of the chemistry branch shall be attracted to redundant land areas of major local chemistry companies.
The „innovative labour market projects“ being carried out by the GAFÖG	In the framework of the innovative labour market projects carried out by the labour promotion agency GAFÖG, two different projects are implemented. <ul style="list-style-type: none"> • The first project focuses on integrating people receiving social assistance into the labour market via the PEWA personal development agency: • The second project focuses on the qualification and integration of jobless people and especially the long-term unemployed ("Arbeiten und Qualifizieren im Betrieb").
„SME co-operation project“	Under the common heading of measures aiming at the support of SMEs, 3 individual projects are implemented: <ul style="list-style-type: none"> • A first project aims at creating a first stop shop for enterprises at the association "Youth for work" (Jugend in Arbeit e.V.). • A second project aims at qualifying women in the field of multimedia. • A third project aims at creating a structure for management and co-operation in the field of the building sector (BauKoM).
„LogNet project“	As an integrative approach, the project supports structural and employment relevant measures in the region in Northern Rhine, especially in the field of the transport and logistics sector. The focus of the project strategy concentrated on developing management capacities for a coherent location marketing concept, the mobilisation of capital for the development of the location and the further development of existing competencies in the field of research, education and initial or ongoing training.

Indirect outputs and results relating to employment and economic development

The pact's objectives mainly focused on the adaptability of the workforce, the improvement of employability, the stimulation of entrepreneurship and the promotion of new sources of jobs. The main target groups had been older workers and the long-term unemployed or low skilled and undereducated workers.

At the end of the Ruhr pact's running period, the 8 projects actually implemented could help to secure 700 jobs and to create more than 1.100 new jobs. In addition, it should be mentioned that the employment effects of "cluster building initiatives" such as LogNet can not be quantified exactly and will only produce effect in a longer term period (e.g. for the LogNet project about 10.000 jobs created are expected in a longer term period).¹²⁴

A more detailed description of the results achieved by project and measure can be found below (see table 5).

Table 5 Progress and project results of the Ruhr pact action programme (2000)	
Grimberg ^{3/4} and later „Bauforum project“	<ul style="list-style-type: none"> • The initially planned project called "Grimberg ^{3/4}" was given up mainly due to the fact that the owner of the area (Ruhrkohle A.G.) was not willing to invest in the renovation of existing buildings. The argument of the current owner was to hand this task over to a private investor, which could however not be found after a certain time. As a consequence, the "Bauforum project" promoting medium-sized and craft construction firms was elaborated in order to "compensate" the eastern part of the Ruhr area for the ending of "its" initial project. *) • The activities of the „Bauforum project“ started in December 1998. The ongoing work of the project has been supported by the Land ministry of economy, technology and transport up to the end of 1999. Due to the short running period, first activities could only be designed at a conceptual level and have begun their initial implementation phase. During the first year, it was not possible to create stable co-operation structures as the crafts organisation see themselves only to a limited degree as initiators of a further development of crafts services.
„ChemSite initiative“	<ul style="list-style-type: none"> • At the end of the pact, investments of about 300 million DM have been realised by 6 newly installed enterprises, which created 100 new jobs and stabilised another 42. In the Gelsenkirchen area, a Netherlands chemistry company took over existing activities, invested 1 billion DM and assured 500 jobs. In addition to these direct effects, a study concluded that for each newly created job another 3 would be created in other sectors. • In addition, the creation of new start-up companies in the chemistry branch shall be supported. At the end of the pact, 10 new small start-ups have been created on the site. • The ChemSite initiative was also active in representing its activities at trade fairs in the United States and Japan.
The „innovative labour	<ul style="list-style-type: none"> • The first project (integrating people receiving social assistance into the labour market via the PEWA personal development agency): Of about 1.500 individually counselled jobless people, 662 people could be integrated in

¹²⁴ **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

Table 5 Progress and project results of the Ruhr pact action programme (2000)	
market projects“ being carried out by the GAFÖG	<p>1999 into companies or charities.</p> <ul style="list-style-type: none"> The second project (qualification and integration of jobless people and especially the long-term unemployed, "Arbeiten und Qualifizieren im Betrieb"): Since April 1999, this project is supported as a model approach by the labour market office Gelsenkirchen, the Land North Rhine Westphalia and the European Union. In the meantime, 18 companies from the Emscher Lippe region are participating in this project and the initial target set for the integration of jobless people (50%) could be significantly improved (87%).
„SME co-operation project“	<ul style="list-style-type: none"> The first project (creating a first stop shop for enterprises and the association "Youth for work"): Six qualification measures have been carried out in the context of this project. Of a total of 136 participants, 116 could be transferred to jobs. By September 2000, four other qualification measures with a total of 82 participants and 64 participating SMEs are implemented. The transfer rate is expected to be as high as under the previous activities. The second project (qualifying women in the field of multimedia). The project was supported under the ADAPT programme and started to elaborate a number of concepts for qualification. Another focus of the project was the intensification of transnational co-operation and dialogue. At the date of the final report, no detailed results could be presented. The third project (creating a structure for management and co-operation in the field of the building sector, BauKoM): The project could not be realised as foreseen, due to the refusal of proposal that has been submitted for external funding.
„LogNet project“	<ul style="list-style-type: none"> At the end of the pact period, the LogNet project has highlighted the necessity to use co-operative action at the local or regional levels and succeeded in partially or fully implementing specific aspects of a bottom-up approach. In addition, the initiative has clearly highlighted the need to integrate regional development and labour market policy. The final report of the pact does however not contain any quantified results with regard to employment or job creation.
*) Interview with the co-ordinator of the Ruhr pact.	

Additional benefits of the TEP

no information available

Management of Pact

Roles of key stakeholders involved in the implementation and management of the TEP

In the very beginning, the approach of one single NRW-territorial employment pact for the Ruhr was not always fully supported by the sub-regions. Especially the existing institutional actors of the regionalised structural and employment policy feared that the creation of a single TEP would lead to a "fusion" of existing regional levels into a new „meta-structure“.

¹²⁵ Over the time, however, partners of the TEP have reached joint understanding on the fact that co-operation is necessary to achieve the overall TEP objective and that there has to be a "moderator" acting as a catalyst.¹²⁶

Since September 1997, the **“Emscher-Lippe Agency” (Emscher-Lippe Agentur GmbH, ELA)** has operated as the co-ordinating organisation of the pact. The agency is an important actor of the Emscher-Lippe region in the field all economic development and structural policy.¹²⁷

The pact co-ordinator was strongly involved in initial discussions aiming at further refining the specific projects that should be included into the action programme. The agency's successful efforts to achieve an inclusion of additional employment and training aspects into the "LogNet project" can be considered a good example that highlights both, the problems in reaching a broad "cross-sectoral" consensus between the different interests involved in a project and the necessity of a brokerage function within a TEP.¹²⁸ In parallel, the co-ordinator was also involved in setting up the „forum for the employment pact“ and organised 9 forum meetings.¹²⁹

During the subsequent implementation phase of the TEP, an important aspect of the co-ordinator's work was to increase co-ordination and especially to maintain close co-operation between the 3 sub-regions involved. In order to assure the success and the sustainability of the pact process as a whole, numerous meetings between the pact and civil servants of the Länder Government took place in order to improve the co-ordination among the three participating sub-regions.¹³⁰

The main factors for success of the pact management were close interpersonal contacts and mutual encouraging to deal with complicated problems during the implementation phase. The main obstacle encountered during the management of the pact has been the large size of the sub-regions involved and the relative distance of the management to the other two sub-regions.¹³¹

The TEP has also established good contacts to the monitoring committee of the Objective two programme in NRW.¹³²

¹²⁵ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Zwischenbericht

¹²⁶ **Interview** with the co-ordinator of the Ruhr pact.

¹²⁷ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Aktionsplan, Stand 3. April 1998.

¹²⁸ **Interview** with the co-ordinator of the Ruhr pact.

¹²⁹ **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

¹³⁰ **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – March 1999. **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

¹³¹ **Interview** with the co-ordinator of the Ruhr pact.

¹³² **Zenit**, Final Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 12th of August 1998.

Taking into consideration the human resources and financial resources available, the pact co-ordinator considers its work efficient. However, mainly due to the "three pillar structure" of the territorial employment pact in North Rhine Westphalia (the individual sub-regions involved with their respective key projects), co-ordination and consensus building among the different interests was not always easy. In most cases, informal clearing and brokerage was necessary in order to reach joint positions.¹³³

Pact resources

The **human resources** mobilised for the NRW-pact have been those of the director of the Emscher Lippe Agency in Herne (pact co-ordinator) as well as those of an other full-time job (since October 1997) and those of 2 secretaries. Two additional people in the Herne pact office would however been necessary (each one dealing with one of the remainder two sub-regions), in order to ensure dense co-operation among the various partners.¹³⁴

With regard to **the financial resources levered into the pact**, the situation can only be summarised on the ground of the initial financial tables of the pact action programme (despite a direct request, no updated financial tables had been sent to the evaluator):¹³⁵

- Significant national public co-financing of projects was mostly provided by the Land government and to a lesser extent by sub-regional and local authorities.
- The pact also involved substantial EU funding, which came from the ERDF and the ESF (Objective 2 programme in NRW), the ADAPT programme and in one case from the KONVER Community initiative.
- The Ruhr pact also mobilised considerable private co-financing for the implementation of individual projects. The most significant shares of private contribution can be found in the framework of the ChemSite project (83% of the total cost) and the SME co-operation project (14%), but only to a lesser degree in the context of the LogNet project.

The pact co-ordinator evaluates the **cost efficiency** of the initiative as satisfactory. This positive judgement is mainly related to the "initiator and motor function" of the pact for settling internal problems during the elaboration phase of central projects and to the improvement of the external representation of the area as a whole.¹³⁶

Dissemination and networking activities

The Emscher Lippe agency has also operated as the co-ordinating organisation that takes up offers for targeted exchange of experience between European employment pacts. In addition to numerous transnational meetings among the European pacts and various national meetings of the German pacts, the co-ordinating body has also participated in conferences dealing with structural policy and labour market policy.¹³⁷

¹³³ **Interview** with the co-ordinator of the Ruhr pact.

¹³⁴ **Interview** with the co-ordinator of the Ruhr pact.

¹³⁵ **Regionales Beschäftigungsbündnis** in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Aktionsplan, Stand 3. April 1998.

¹³⁶ **Interview** with the co-ordinator of the Ruhr pact.

¹³⁷ **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

With regard to public relations, the focus was laid on presenting the territorial employment pact via an own Internet site with a German and English version (since May 1999). In addition, the pact co-ordinator participated in the elaboration of the Internet presentation of the German pacts and elaborated best practice examples for a publication edited by the Commission in 1999.¹³⁸

Mainstreaming

Already during the first half of 1999, numerous meetings between the Ruhr-pact and civil servants of the Land Government in NRW were organised in order to mainstream the pact approach into the regional policy conception and in particular into the new Objective 2 programme 2000-2006.¹³⁹

The successes of the projects and initiatives of the TEP have led to an integration of the employment pact method into the new Objective 2 programme (2000-2006) in North Rhine Westphalia. The aim is to raise employment effects of future projects through a stronger co-ordination and co-operation between regional development measures and labour market measures and through a focus on setting up innovative clusters. In addition, the basic principles of the territorial employment pact method are continued in specific measures where a cross-sectoral policy approach needs to be implemented (e.g. the development of urban problem areas).¹⁴⁰

Despite this positive process, the Ruhr pact ceased its activities by June 2000, even though the pact work would have found financial resources in Objective 2.¹⁴¹

A discussion is however going on at the level of the individual sub-regions previously participating in the TEP to further develop so-called "sub-regional employment pacts" that would guarantee a more efficient integration into the existing decision-making structures of the regionalised economic and employment policy of the Land.¹⁴²

In addition, individual projects of the TEP such as "ChemSite" continue as a branch specific employment pact and receive support under the new Objective 2 programme in North Rhine Westphalia. In the Duisburg area, the LogNet project is also continued and has already created 1500 jobs during the first phase.¹⁴³

¹³⁸ **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

¹³⁹ **Zenit,** Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – March 1999. **Zenit,** Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

¹⁴⁰ **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

¹⁴¹ **Zenit,** Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

¹⁴² **Beschäftigungsbündnis Ruhrgebiet:** Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen RegiIn im Ruhrgebiet. Abschlußbericht, September 2000.

¹⁴³ **Interview** with the co-ordinator of the Ruhr pact.

Assessment of overall added value of the TEP

The contribution of the TEP to achieving Community priorities

The Ruhr TEP was mainly targeted towards combating the decline of the traditional industrial base and spatially localised unemployment. The pact's objectives mainly focused on the adaptability of the workforce, the improvement of employability, the stimulation of entrepreneurship and the promotion of new sources of jobs. The main target groups had been older workers and the long-term unemployed or low skilled and undereducated workers.

The projects supported under the Ruhr-TEP contributed to the creation of new jobs and to combat the exclusion of disadvantaged groups in the slack labour market (e.g. older industrial workers). In addition, the projects contributed to combat unemployment among young people and could help to raise the employability of unemployed. Finally, TEP projects also made a contribution to the stimulation of entrepreneurship and apprenticeship and helped to improve the adaptability of workers.

The most important results of partnership based work in the individual sub-regions participating in the TEP can be summarised as follows:¹⁴⁴

- In the Emscher-Lippe area, joint work resulted in enlarging a public-private partnership approach and in improving and deepening the recognition of a participation of trade unions.
- In the Duisburg area, joint partnership in the framework of the LogNet approach has resulted in a more balanced setting of individual interests within the project (notably by strengthening the importance of employment and training aspects into settings of the project).
- Partnership based work in the framework of the innovative labour market projects carried out by the GAFÖG job promotion association has resulted in an increased recognition of the approach and its enlargement to other sub-regions of the Ruhr pact (initiation of a similar initiative close to the city of Recklinghausen).

Benefits of the TEP-implementation method (including Structural Funds working methods)

Although initially strongly promoted by the Land government in North Rhine Westphalia, the pact was mainly a sub-regional initiative. The pact partners had been 3 sub-regional planning areas set up in the framework of the Land's decentralised structural and labour market policy with own, well-developed decision-making structures. Therefore, the pact as a whole had little space to integrate its strategic co-operation structures into the pre-existing institutional framework prevailing within the sub-regions covered by the pact.

The North Rhine Westphalia pact can be considered an "old partnership performing an old function". However, it should be taken into consideration that an "old partnership" only existed within each of the individual sub-regions, whereas the pact intended to promote horizontal co-operating among them. At the end of the pact's lifetime, the partnership as initially designed does not continue any longer. one reason for this might be the strong inter-

¹⁴⁴ Interview with the co-ordinator of the Ruhr pact.

institutional competition between the existing structures at sub-regional level and their fear to be merged into a new meta-structure.

The „ChemSite initiative“ can be considered an innovative activity, as it was initiated by young trainees within the chemical companies of the Emscher-Lippe area. Another innovative result is the injection of initially not foreseen employment and training aspects into the „LogNet project“, which were successfully negotiated with the promoters in the framework of the pact partnership during the elaboration phase.¹⁴⁵

The multiplier and leverage effects of the TEP (financial dimension)

Significant national public co-financing of projects was mostly provided by the Land government and to a lesser extent by sub-regional and local authorities. The pact also involved substantial EU funding, which came from the ERDF and the ESF (Objective 2 programme in NRW), the ADAPT programme and in one case from the KONVER Community initiative. The Ruhr pact also mobilised considerable private co-financing for the implementation of individual projects. The most significant shares of private contribution can be found in the framework of the ChemSite project (83% of the total cost) and the SME co-operation project (14%), but only to a lesser degree in the context of the LogNet project.

Networking, dissemination and exchange of experience at EU level

see: Dissemination and network activities above

Lessons

The intended pact co-operation between the 3 sub-regions in North Rhine-Westphalia could eventually not succeed due to the complexity of the local problems encountered and, more important, the missing “common identity” between the 3 sub-regions involved. The latter aspects prevented the TEP partners from integrating their individual approaches into 1 consistent and comprehensive strategy.¹⁴⁶

Another major problem of the Ruhr pact was its size and the fact that it was cross-cutting established institutional settings of the regionalised structural and employment policy in North Rhine Westphalia. In addition, the highly complex institutional framework also complicated an effective integration of all major players in the pact.¹⁴⁷

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¹⁴⁵ Interview with the co-ordinator of the Ruhr pact.

¹⁴⁶ Zenit, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

¹⁴⁷ Beschäftigungsbündnis Ruhrgebiet: Regionales Beschäftigungsbündnis in den vom Abbau der Steinkohlebeschäftigung besonders betroffenen Regi1n im Ruhrgebiet. Abschlußbericht, September 2000.

The Background to the Pact ¹⁴⁸

The Chemnitz area once was the heart of German mechanical engineering and automobile manufacturing. The Chemnitz-Erzgebirge region covers an area of 4705 sq. km with a population of 1.5 million.

The **economic structure of the Chemnitz area** is shaped by major companies located in the region and a large number of flexible SMEs. Mechanical engineering and metalworking continue to dominate, alongside the textiles and clothing industry. However, one can also find future oriented sectors in the region such as innovative manufacturing technologies, environmental technologies and biotechnology, microsystem technologies, new finished materials and industrial Internet applications.

Many local businesses are suffering from undercapitalisation, inadequate management skills and restricted market access. The generally tight order book situation, the lack of reference projects and incomplete regional networks are added difficulties. There is still insufficient capacity for rapid and efficient transfer of information, e.g. regarding innovation transfer, a transfer of research results or a transfer of information regarding markets or locational factors for SMEs. These weaknesses are mainly a result of the process of structural change, which was initiated by the reunification process.

In addition to these economic problems, other cultural and political or institutional weaknesses add on.

Despite these negative trends, some positive aspects in the eastern German economic development should be mentioned that distinguish themselves significantly from the development observable in western German Länder: one important example is the willingness of the workforce to set up their own companies. The intensity of founding new industrial companies is with 25 start-ups per 100.000 people employed nearly the double in eastern Germany compared to the rate observable in western Germany (13 start-ups per 100.000 employed).

The structural change in the regional economy had significant impact on the **labour market**. The people employed in the productive sector decreased between 1991 (87.715) and 1995 (49.954) to about 43%. In 1997, the unemployment rate in the labour market district of Chemnitz was at 19.1%. In March 1999, the unemployment rate raised to 19.9%.

The **EU-territorial employment pact** in Chemnitz **was closely linked to another employment pact initiative that has been initiated at Land level**. Within the land of Saxony, the government has initiated a „foundation promoting innovation and employment in Saxony“ (Stiftung Innovation und Arbeit, IAS) in order to achieve a regionalisation of the Land's own employment policy.

In the area of Chemnitz, this Land initiative is represented through two different branches:

- A „regional office“ of the foundation (Regionalstelle Chemnitz), which is assisted by a

¹⁴⁸ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998.

council (Beirat Regionalforum Chemnitz-Erzgebirge) composed of representatives from local authorities, the employers associations, trade unions and a delegate for equal opportunities with an advisory function.

- A branch specific „agency in the field of machinery industry“ (Regionalagentur Maschinenbau Chemnitz), which is assisted by a council (Beirat) composed of representatives of the trade unions and the employers associations.

The „regional office’s“ council gave an early support to the EU-territorial employment pact initiative by classifying it as a lead project for the region (13th of October 1997). This position was confirmed by the council of the land association IAS in December 1997. These proceedings confirm the bottom-up principle that is a basic guideline for the work of the land association promoting innovation and employment in Saxony.

The basic steps of **the application process of the Chemnitz pact** can be summarised as follows:¹⁴⁹

- At the end of January 1998, the Chemnitz pact presented a detailed action programme for the territorial employment pact to the European Commission. The pact has also drawn up a financial table that includes different sources like EU structural funds, regional public funds and private resources.
- In June 1998, the pact has presented its activities to the public of about 150 guests and found more actors interested in participating in the pact process. At that date, the work programme and the financial tables of the pact were not yet formally approved.
- During the first half of 1999, the pact prepared its application for the second phase of technical assistance (presentation of a revised action programme in June 1999). The Chemnitz pact has decided to apply for both the extension of the implementation phase and the additional budget.

Direct outputs and results of the TEP

The Chemnitz pact („Drehscheibe Chemnitz“) is targeted mainly at the structural problems of the traditional mechanical engineering industry in the area.

The initial pact action programme of 1998 aimed at safeguarding the region as an economic centre and at reorganising enterprises, initially by promoting closer co-operation between such companies to strengthen the regional economic fabric. The partners also intend to improve skills and qualification in companies and co-ordinate training supply and demand, thus facilitating the integration into the labour market.

In the **new action programme of June 1999**, the main objectives of the previous action programme remained unchanged and valid (impulses for employment creation, intensification of co-operation between economic actors, strengthening of the local economic structure). In order to achieve these objectives, better networking between projects and project partners,

¹⁴⁹ **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998. **Zenit**, Final Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 12th of August 1998. **Zenit**, Quarterly Activity Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

especially through new technologies and a mix of initial training, initiation of start-ups, exchange of experts or measures in the field of research and development are necessary.¹⁵⁰

Bottom up approach

In the very beginning, the Chemnitz territorial employment pact was initiated and supported by the foundation at Land level that promotes innovation and employment in Saxony (Stiftung Innovation und Arbeit Sachsen). The baseline ideas of the pact action programme were however elaborated dominantly by the local partners. There has been a certain "division of labour" between the local actors: the local corporate institutional actors were mainly those who wrote down the strategy of the first action plan, whereas individual local enterprises mainly committed themselves to practically participate in activities at the level of individual pact projects.¹⁵¹

During the elaboration phase, the institutional partners drafting the action programme were consulting other key actors in the region in order to inform them or to include them into main projects of the pact.¹⁵² The interview revealed however that local main target groups should have been consulted more intensively. This was mainly due to the time constraints that were prevailing in the elaboration phase of the initial action programme. These shortcomings have contributed to the phenomenon that many activities of the initial action plan were not sufficiently quantified with regard to their employment effects and can partly be seen as a cause for the fact that some sub-projects could not be completed as initially envisaged.¹⁵³

Despite this, the overall attempt to integrate a broad range of other local partners into the pact can be considered successful. Many of these local actors were fully participating in individual pact projects and even took over the leadership of specific activities.¹⁵⁴ In addition, local partners in Chemnitz have reached a high degree of consensus on the main orientation and objectives of the pact, both already during the elaboration phase of the „first pact action programme“ and more generally during the entire life cycle of the territorial employment pact.¹⁵⁵

Broad partnership

¹⁵⁰ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Juni 1999.

¹⁵¹ **Interview** with Chemnitz pact representatives

¹⁵² **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998

¹⁵³ **Interview** with Chemnitz pact representatives

¹⁵⁴ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998

¹⁵⁵ **Interview** with Chemnitz pact representatives

The territorial employment pact in Chemnitz was set up on the ground of a broad partnership, but no formal agreement has been signed. Under the leadership of the trade union active in the metal branch (IG-Metall) in co-operation with employers' federation's, local companies and banks, economic development associations, employment services, the labour promotion, the Employment and structural development agency (ABS) and the federal office for special aspects of unification (BvS) were included.

Previous to the establishment of the territorial employment pact, a number of informal networks between local key actors existed in Chemnitz. These local networks were strongly divided up in networks between people coming from western Germany and networks between people already located in the area. Considering the initial situation and the actual scope of actors involved, the Chemnitz pact can therefore be seen as a qualitatively new partnership.¹⁵⁶

Local enterprises have however made binding declarations to actively participate in and to contribute to the work of territorial employment pact in Chemnitz.¹⁵⁷ Such binding declarations to support the overall objectives of the employment pact and individual pact projects have been made by three important companies located in the area (Siemens AG, VW Motorenwerk, Union Werkzeugmaschinen GmbH) and a larger number of enterprises from specific competence centres located in the Chemnitz area. In addition, various enterprises operating in the field of microtechnology and other key sectors support the pact by a contractual co-operation.¹⁵⁸

Although the openness of the pact partnership was always a given fact, participation could have been even larger. According to the interviewees, the most active participants in the pact have been the representatives of the trade unions.¹⁵⁹

Integrated strategy

The integrated nature of the pact-strategy is assured by a larger number of studies on the local economic situation, which have been carried out by the Chemnitz regional development agency (CWE) and the Chamber of Commerce and industry. Furthermore, specific evaluations of the employment office and representative needs assessments for training of the local chambers of commerce and industry and the chamber of crafts industry do exist, which have been carried out by the University of Berlin.¹⁶⁰

Innovative contents

¹⁵⁶ **Interview** with Chemnitz pact representatives

¹⁵⁷ **Interview** with Chemnitz pact representatives

¹⁵⁸ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998

¹⁵⁹ **Interview** with Chemnitz pact representatives

¹⁶⁰ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998

The innovative contents of the territorial employment pact in Chemnitz have to be evaluated against the background of a previously weak degree of mutual co-operation and networking among local actors (Source: Interview with Chemnitz pact representatives): Therefore, the most innovative elements of the pact are those aiming at significantly improving the pre-existing situation:

- Activities to improve mutual networking among the highly dispersed number of local actors and enterprises.
- The creation of a local database on SMEs in the area and the creation of an information forum regarding the local economy.
- The stimulation of entrepreneurship at the local level in Chemnitz,
- The coaching of trade union representatives within individual enterprises (Betriebsräte).

The Pact's specific objectives and progress

The central task of the first **action programme of the Chemnitz pact presented in January 1998¹⁶¹** is to link projects or project ideas beyond different policy approaches and to achieve by this a bundling of competencies and resources that give rise to better results than those stemming from individual projects. The effects on employment are a key issue of this approach, even if direct effects may take place in a long-term perspective.

This approach mainly intends to overcome problems resulting from the highly fragmented economic structure in the area (strengthening the position of small and medium-sized enterprises and stabilising the local economy) and to initiate co-operation between enterprises and other regional actors that did not take place until now due to information deficits, problems with regard to communication and barriers resulting from psychological or functional aspects. The pact therefore also intends to break up rigid structures, mainly through intensive public relations work.

In order to implement the main priorities of the first action programme, 5 larger framework projects were elaborated (see table 6 below).

The first action programme only contained a very general quantification of employment effects: during a three-year perspective, the pact aims at securing about 10.000 jobs and intended to create 300 to 500 new jobs, mainly by initiating more coherent "production chains" in the area (this quantification exactly corresponds to the quantification elaborated for framework project No 1). A more detailed quantification of employment outputs resulting from pact activities was considered difficult by the partnership, mainly due to the important influence of external factors. The same argument was applied when it came to the issue of elaborating detailed progress indicators. It was suggested that such indicators should be elaborated at a more general level in the framework of an overall monitoring system that could be established for all German pacts.

¹⁶¹ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998

The **new action programme of the Chemnitz pact presented in June 1999** mainly aims at tackling the specific needs that arise from the particular local mixture of traditional industries and new future orientated sectors. The range of activities becomes broader in comparison to the first action programme.¹⁶² As the programme wants to fully exploit chances with significant employment effects and to initiate new innovative measures, the action programme aims at integrating additional branches of the local economy into the pact approach (enlargement of the employment pact to the entire metalworking and electronic industry). A particular focus is also the intensification of co-operation with partners from middle and Eastern European countries.¹⁶³

The new action programme of the Chemnitz pact contains eight framework projects that are sometimes composed of a various number of sub-initiatives (see table 7 below). The partners have also provided a more detailed quantification of employment effects (where possible), which was elaborated at the level of the 8 framework projects and at the level of individual sub-initiatives (see table 9 below).

Table 6 Framework Projects of the first action programme (1998)	
Framework project No 1: Creation of a regional information forum and an electronic marketplace to stimulate co-operation among regional enterprises.	There are mainly 4 sub initiatives that aim at implementing this first framework project. <ul style="list-style-type: none"> • The creation of an Internet based database that describes product related or process related competencies of local enterprises. • The creation of a specialised database that allows to offer / search for specialised services and potential clients. • The creation of a meta- information level for the electronic marketplace • The organising of branch orientated workshops for the electronic marketplace.
Framework project No 2: The development and mobilisation of potential supply chains or value added alliances (enterprise clusters).	The measures mainly concentrate on moderation, technical help for designing co-operation agreements, help to search partners or contracts, counselling in the field of external financing, marketing and distribution. They will be concentrated on 5 sub initiatives. <ul style="list-style-type: none"> • The competence centre mechanical engineering. • The application centre microtechnology Chemnitz (AMTEC GmbH). • The company alliance AuMoC that shall allow to create a system supplier structure. • The working group on textile machinery engineering. • Other measures in the field of environmental technology.
Framework project No 3:	There are two sub initiatives that aim at implementing the third framework project.

¹⁶² **Zenit**, Interim Report, Territorial Employment Pacts in Germany. Reference period: January 1999 – July 1999

¹⁶³ **CWE/IAS/RMC**: Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Juni 1999.

Table 6 Framework Projects of the first action programme (1998)	
<p>The development of a systematic coaching for management and representatives of the employees in SMEs.</p>	<ul style="list-style-type: none"> • The creation of a systematic coaching offer and targeted help for start-ups (with measures that aim at the provision of a flexible coaching module for start-ups, at organising monthly round tables for an exchange of experience and the preparation of co-operation among start-ups, at the creation of a coaching centre for future entrepreneurs and at the coaching of management, employees or trade union representatives in enterprises). • Practical model coaching of SMEs exposed to significant pressure resulting from structural change (Union Werkzeugmaschinen GmbH, coaching of enterprises based on student traineeships).
<p>Framework project No 4:</p> <p>The development of a "search-offer database" for personnel in the branch of mechanical engineering and the elaboration of systematic measures for the integration specific target groups into the labour market.</p>	<p>There are 4 sub initiatives that aim at implementing the fourth framework project.</p> <ul style="list-style-type: none"> • Joint discussions on issues regarding the labour market and the transmission of new employees and qualification. • Creating new employment perspectives for jobless engineers. • The allocation of employees from specific target or risk groups to enterprises, based on a non-profit making approach. • The allocation of student traineeships in technical or management orientated aspects.
<p>Framework project No 5:</p> <p>Further development of initial training and creation of training alliances.</p>	<p>The measures mainly concentrate</p> <ul style="list-style-type: none"> • on enlarging a cross sectoral training facility for the branch of machinery engineering • and to initiate specific training alliances, mostly with the aim to integrate enterprises that do currently not offer training facilities.

Table 7 Framework Projects of the second action programme (1999)	
<p>Framework project No 1</p> <p>Supporting start-ups</p>	<p>Besides a continuation of previously initiated pact projects (start-up roundtable, flexible coaching module for start-ups), two new projects will be launched:</p> <ul style="list-style-type: none"> • Start-up measure ONLINE in the field of coaching, education and targeted counselling. Target groups are people willing to set up their own companies or young start-ups being in the immediate post-foundation phase. • Organisation of the "Start-up day in Chemnitz", which aims at overcoming bureaucratic hurdles and a stimulating the general idea of young entrepreneurship.
<p>Framework project No 2:</p> <p>Creating co-operation networks between enterprises.</p>	<p>This framework project is mainly implemented through 5 different sub-initiatives.</p> <ul style="list-style-type: none"> • Enterprise network in the field of laser technology. Seven enterprises have gathered in a co-operation network in order to develop jointly issues related to personal and organisation and to create a system provider capacity in their field of specialisation. • Cross company network for learning and training. The aim is to achieve sustainable improvements in the field of management through enhancing the social competencies of all participating. During the inception phase, specific needs assessments are carried out at the level of individual enterprises. The innovative approach is to stimulate and initiate a development process across various enterprises. • Network among trade union representatives in SMEs of the machinery-engineering sector. The objective of the project is to develop social and managerial competencies of trade union representatives in order to create new enterprise based or regional forms of social dialogue (e.g. elaboration and testing of new working time models, changes in the labour organisation, co-determination of technological development). • Enterprise network in the field of equipment and machinery construction in Chemnitz. The creation of the network is in the inception phase and will probably cover 9 enterprises. Besides improving know-how and general competencies, the network shall contribute to stabilise and strengthen this branch. • Explorative study for the creation of a "joint purchase pool" in the field of machinery engineering in Chemnitz. Through this network, the current tendency of individual purchase at small quantities shall be overcome and approaches to develop a system supplier function in the region shall be explored.
<p>Framework project No 3:</p> <p>Exploring market opportunities in Eastern Europe for local enterprises.</p>	<p>In order to establish the Chemnitz area as a point of transfer between the established market economies of the European Union and the developing economies of Eastern Europe, the initiative mainly aims at facilitating SMEs from the Chemnitz area to build their contacts to the new and growing markets in these countries.</p>
<p>Framework project No 4:</p>	<p>The framework project is implemented by 3 sub-initiatives</p> <ul style="list-style-type: none"> • The basic idea of the first initiative is to activate existing potentials of

Table 7 Framework Projects of the second action programme (1999)	
Improving initial training and ongoing training.	<p>enterprises and the University for the joint benefit and to support enterprises in solving their problems through academic know-how.</p> <ul style="list-style-type: none"> • The PRAXIS project aims at socially disadvantaged or handicapped young people with the aim to integrate them into work for at least one to two months. After three years of external training, the young people shall be integrated into enterprises for practical training. After successful completion of the training, the enterprises are obliged to take over these people for at least 12 months. • Ongoing training and qualification in the field of software and information technologies. The aim is to improve the capacities of young people and the workforce, mainly by designing new tools and offers in this field.
<p>Framework project No 5:</p> <p>Enterprise data-base Chemnitz</p>	Enlarging the enterprise database by covering additional enterprises of the larger environment of Chemnitz.
<p>Framework project No 6:</p> <p>Revitalisation of a redundant land area in Chemnitz</p>	Revitalisation of a former Soviet military area within Chemnitz in order to create an "ecological park for a living and working". Measures concentrate mainly on tearing down or restoring existing buildings, on exploring and rebuilt parts of the area and to establish joint working facilities.
<p>Framework project No 7:</p> <p>Public relations</p>	Measures aim at intensifying public relations of the pact, specifically by creating a "pact journal".
<p>Framework project No 8:</p> <p>Sustainable regional development</p>	Measures aim at counterbalancing the continuous brain drain of highly qualified young people out of the region, especially by initiating a college for higher research (PhD) in the field of sustainable regional development.

Indirect outputs and results relating to employment and economic development

The bulk of the Chemnitz pact measures mainly concentrate on aspects such as entrepreneurship, new sources of jobs and job creation or removal of barriers for co-operation between enterprises. There are also measures that focus on employability and adaptability. By mid 1999, a significant number of measures have been initiated under the first action programme of the Chemnitz territorial employment pact. They were jointly implemented by variable settings of actors such as the social partners, a large number of enterprises and other actors such as the local agency for economic development CWE.

Between August 1998 and July 1999, most **projects of the first action programme** have been carried out successfully and some of them continue to operate on an independent basis. Only some few projects could not be continued. **Their detailed results are summarised in**

the table below (table 8).¹⁶⁴ More and more enterprises from the mechanical engineering sector have recognised the importance of co-operation and satisfactory progress concerning a safeguarding of jobs or the creation of new jobs could be achieved.

This positive trend continued in the year 2000 for the implementation of the **new projects foreseen by the revised action programme of 1999**. Even without taking into consideration projects for which employment effects are difficult to be quantified, one can observe encouraging and positive achievements by the end of the year 2000. **The detailed results for the new projects are summarised in the table below (table 9).**¹⁶⁵

Compared to the overall employment effects initially envisaged by the first pact action programme of 1998 (create 300 to 500 new jobs; secure around 10.000 jobs), the **TEP-activities have achieved relatively good results** at the closing date of the final report:

- Already two years after the launching of the TEP, about 450 new jobs could be created and about 4000 jobs could be secured (1998-1999).
- To these results one has to add the outputs of the new projects contained in the second action plan that were achieved by the end of December 2000: The results amount to 6580 jobs secured, 77 new jobs effectively created and an expected creation of another 100-300 new jobs through new start-ups.

¹⁶⁴ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Zwischenbericht über den Stand der Vorhaben des Aktionsprogramms. Chemnitz, August 1998. **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Juni 1999.)

¹⁶⁵ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Abschlußbericht zum 31.12.2000 für das Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Chemnitz, Juni 2001.

Table 8: Progress of results achieved by the first action programme (1998-1999)	
Framework project	Results by July 1999
<p>Framework project No 1:</p> <p>Creation of a regional information forum and an electronic marketplace to stimulate co-operation among regional enterprises.</p>	<ul style="list-style-type: none"> • The database that describes product related or process related competencies of local enterprises was enlarged up to 880 enterprises. For 816 enterprises, an English version of their presentation could be elaborated. • The specialised database that allows to offer / search for specialised services and potential clients was improved (creation of nine different categories) and enlarged (creation of a co-operation category). The database now contains more than 245 announcements covering all categories. • The promoters note around 1.500 daily "hits" for the general enterprise database and search offer database. • The creation of a facility for electronic commerce was continued, mainly through arranging targeted information and counselling of SMEs and crafts enterprises, through identifying local and regional best practice examples, through designing a series of seminars on the issue or by elaborating targeted information material etc. • The organising of branch orientated workshops for the electronic marketplace. The workshops will take place in 1999.
<p>Framework project No 2:</p> <p>The development and mobilisation of potential supply chains or value added alliances (enterprise clusters).</p>	<ul style="list-style-type: none"> • The „competence centre mechanical engineering“ has now an own associative structure, which includes 35 different enterprises. Joint co-operation is achieved through five larger framework projects that are composed of various individual measures. These projects are supported by 25.4 million DM coming from the Land Saxony and by 16.9 million DM coming from the enterprises. In the framework of the competence centre, 14 new jobs have been created in 1998 and a contribution to stabilise enterprises with a total number of employment of 3100 people could be achieved. • The „application centre microtechnology Chemnitz“ (AMTEC GmbH) has intensified its co-operation and implements, beside specific analyses for market potentials, 4 specific projects. The partners of the application centre are in a steady contact, organise joint fairs or make joint acquisition and jointly participate in projects. The positive effects of the co-operation between these enterprises employing a total of 590 employees is also reflected in an increase of turnover and overall employment. Due to the positive development, more support coming from the pact will not be necessary anymore. • The „company alliance AuMoC“ that shall allow to create a system supplier structure has started its activities in May 1998 and will be present at an international trade fair in Chicago. • The initiation of a „working group on textile machinery engineering“ did not take place (1998). • In 1998 the „network in the field of environmental technology“ has been transformed into a virtual network of enterprises for the protection of water resources, that has defined seven projects. In 1999, the network of

Table 8: Progress of results achieved by the first action programme (1998-1999)	
	enterprises for protection of water resources was stopped, mainly due to a lack of assured financing
Framework project	Results by July 1999
Framework project No 3: The development of a systematic coaching for management and representatives of the employees in SMEs.	<ul style="list-style-type: none"> • The creation of a systematic coaching offer and targeted help for start-ups was successfully submitted for ESF-support and will start its activities by September 1999. • The monthly round tables for start-ups have been followed an average by 30 participants and will be continued by the CWE. • The initial idea to transform an entire building into the coaching centre for female entrepreneurs was given and developed into another direction. The coaching centre (GIC) now occupies two different sites within the town and progresses very well. Within the coaching centre, three new jobs have been created and the activities have contributed to stabilise employment within start-ups. • The coaching for management, employees or trade union representatives covers 15 different enterprises and the continuation is foreseen for the year 1999. <p>The technical University of Chemnitz assessed the needs for qualification and qualification potentials in the company Union Werkzeugmaschinen GmbH. Two student projects for coaching of enterprises based on traineeships took place in the first semester 1998, which were made up of student teams between 4 and 8 people. The initial idea for qualification in companies could however not be realised, due to the strong differences between real qualification needs of enterprises and the corresponding offer (no sufficiently solid base for co-operation).</p>

Table 8: Progress of results achieved by the first action programme (1998-1999)	
<p>Framework project No 4:</p> <p>The development of a "search-offer database" for personnel in the branch of mechanical engineering and the elaboration of systematic measures for the integration specific target groups into the labour market.</p>	<ul style="list-style-type: none"> • The joint discussion rounds led to a deepening of mutual co-operation between the participants and achieved a better co-ordination of their activities. • A self-help group for jobless engineers was initiated that is composed of 50 people. The self-help group now operates on an independent basis. About 20 people of the self-help group could be inserted into the second labour market (by mid 1998). A small enterprise was founded by 3 members and started to operate. It envisages to enlarge its fields of activities and to probably employ new people. • The allocation of employees from specific target or risk groups by Phönix GmbH to other enterprises, based on a non-profit making approach. The pool of employees from specific target or risk groups within the Phönix GmbH accounts for 111 people. Five "transfer employees" could be inserted into stable working conditions through an undetermined employment contract. • The allocation of student traineeships in technical or management orientated aspects: the initially planned ideas could not be realised, mainly due to a lack of acceptance by larger companies.
<p>Framework project No 5:</p> <p>Further development of initial training and creation of training alliances.</p>	<p>Most of the smaller enterprises of the metalworking and electronic industry have created a training alliance (Interessengemeinschaft Ausbildungsverbund in der Industrieregion Chemnitz, IGAIC) and organise specific training events. On the initiative of the employers association, an additional training alliance was created in the area (ARIMES).</p>

Table 9: Results planned / achieved by the second action programme (mid 1999- end 2000)		
Framework project	Results planned (1999)	Results achieved (end 2000)
Framework project No 1 Supporting start-ups	<ul style="list-style-type: none"> Start-up measure ONLINE (coaching, education and targeted counselling): 70 new jobs created. Organisation of the "Start-up day in Chemnitz": not quantifiable. 	<p>The start-up measure ONLINE (coaching education and targeted counselling) and the organisation of the "Start-up day in Chemnitz" could only be realised partially. In order to support start-ups especially in the field of high-technology, a modified project called "Chemnitz start-up competition" was implemented. The event was a big success and motivated the pact partners to repeat it on an annual basis.</p> <p>Expected creation of new jobs: 100-300</p>
Framework project No 2: Creating co-operation networks between enterprises.	<ul style="list-style-type: none"> Enterprise network in the field of laser technology: 41 jobs secured and two new jobs created per year. Cross company network for learning and training: 520 jobs secured and 20 new jobs created. Network among trade union representatives in SMEs of the machinery engineering sector: Contribution to secure 800 jobs. Enterprise network in the field of equipment and machinery construction: Not quantified Explorative study for the creation of a "joint purchase pool" in the field of machinery engineering: Not quantified, contribution to secure 4.500 jobs 	<ul style="list-style-type: none"> The enterprise network in the field of laser technology has continued its activities and submitted various projects in the field of research and development for external funding support. The network now works on an independent basis and will no longer need network-support from the pact. Jobs secured: 200 The "cross-company ne2rk for learning and training" was very well accepted by the three participating enterprises from the machinery engineering sector. An intensive exchange was established and the process is likely to continue on an independent basis in the future. Jobs secured 570, new jobs created 57. The network among trade union representatives is developing well and nine enterprises are participating actively. The joint meetings are organised on a 6 weekly basis. A formal association for an enterprise network in the field of equipment and machinery construction in Chemnitz not be established. However, the participants meet on an occasional basis for exchanging information and experience. Jobs secured 3020. The planned explorative study has been carried out with support from the ERDF. The response of the participating enterprises was very positive and it can be expected that the purchase pool will continue to exist on an institutionalised basis. This initiative has contributed to significantly secure employment in the field of machinery engineering. Jobs secured: 2790

Framework project No 3: Exploring market opportunities in Eastern Europe for local enterprises.	60 jobs secured and 35 new jobs created	Measures mainly concentrated on re-activating contacts with cities of different Eastern European countries. Due to financial problems of the partners, and online trade fair could not be organised. As compensation, enterprises from Eastern Europe have been invited to trade fairs in Chemnitz.
Framework project	Results planned (1999)	Results achieved (end 2000)
Framework project No 4: Improving initial training and ongoing training.	<ul style="list-style-type: none"> • Co-operation of enterprises and the University: not quantified • The PRAXIS project (integration of socially disadvantaged or handicapped young people): 20-25 new jobs created • Ongoing training and qualification in the field of software and information technologies: 65 new jobs created 	<ul style="list-style-type: none"> • The basic idea of the co-operation between enterprises and the University could not be realised as initially foreseen, mainly due to a mismatching of potentials offered and asked. Only 3 internships could be realised. • The ambitious targets of the PRAXIS project could not been realised, mainly due to a lack of acceptance in enterprises of a public training measures (external to enterprises). However, the project promoters succeeded in transferring 5 young people into internships and subsequently into a job. This project will not be continued. • The project on training and qualification in the field of software and IT will not be continued any longer in the framework of the pact, as different institutions responsible for training as well as IT-service providers or other organisations prefer to work on an individual basis.
Framework project No 5: Enterprise data-base Chemnitz	15 jobs secured	The enterprise database contains 1400 enterprises. Changes in the database are now decentralised towards the enterprises, which will be able to access the database by a specific Internet tool.
Framework project No 6: Revitalisation of a redundant land area in Chemnitz	150 new jobs created through attraction of new enterprises.	The revitalisation of the redundant land area is completed to more than 60% and existing buildings have been destroyed or renovated. The attraction of new enterprises has not succeeded until now and is expected to begin in the year 2002.
Framework project No 7: Public relations	Not quantified	The "pact journal" is distributed to more than 1500 enterprises and other PR-events have been organised in the meantime.
Framework project No 8: Sustainable regional development	13 new jobs created (scholarships and co-ordinator)	12 PhD scholarships have been attributed and the candidates are currently elaborating their thesis.

Additional benefits of the TEP

An important additional output of the pact-initiated enterprise networks was that they successfully submitted 5 projects to external funding for a support programme of the Federal Government ("Innoregio-Wettbewerb") and achieved to obtain 130 million DM of external funding.

Another additional output of the pact activities has been the emergence of numerous other enterprise networks that have initially not been foreseen. At least five new networks emerged during the new phase of the action programme (1999/2000), which were mainly a result of the monthly-organised "industrial roundtables".¹⁶⁶

Management of the Pact

Roles of key stakeholders involved in the implementation and management of the TEP

Quite early, the initial co-ordination task assured by the foundation "Innovation und Arbeit Sachsen" has been passed over to its "regional agency for mechanical engineering" in the Chemnitz area (Regionalagentur Maschinenbau Chemnitz). The aim was to strengthen the local weight of the pact and its predominant focus on the machinery construction industry.¹⁶⁷

From this date onwards, the **"Regionalagentur Maschinenbau Chemnitz" was in charge of the co-ordination of the local pact scheme in Chemnitz.** The co-ordinators of the "regional agency" were mainly concerned with the development of the political and institutional co-operation and also deal with all tasks related to public relations. It defines the main priorities and lead projects of the pact.¹⁶⁸

In addition, **a specific project office called "Drehscheibe" was installed at the Chemnitz economic promotion and development company** (Chemnitzer Wirtschaftsförderungs- und Entwicklungsgesellschaft mbH, CWE). The function of the project office "Drehscheibe" is to provide the employment pact with a first stop shop for contact or information and to focus on the practical realisation of individual measures carried out in the framework of the pact. This also covers aspects related to methods and approaches of individual projects and their financial execution.¹⁶⁹

¹⁶⁶ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Abschlußbericht zum 31.12.2000 für das Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Chemnitz, Juni 2001.

¹⁶⁷ **Zenit,** Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998

¹⁶⁸ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998.

¹⁶⁹ **Zenit,** Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998. **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998

These two main co-ordinators of the Chemnitz pact work together with a large number of other pact partners both at institutional and at enterprise level.

According to the opinion of the local actors interviewed¹⁷⁰, **efficiency of the pact's management in Chemnitz could have been better.** The main problem faced during the management of the employment pact was the frequent change of key personal involved in the practical pact co-ordination (3 changes). The reason for these frequent changes has been the method of "annual contracts", which were concluded with the people responsible for carrying out the daily work in co-ordinating the pact. These annual contracts created uncertainty for the people concerned regarding their future employment situation, wherefore they preferred to go elsewhere or to accept new employment opportunities of a more stable character.

The land foundation promoting innovation and employment (IAS) was responsible for overall **evaluation and financial controlling.**¹⁷¹ The board of the „regional agency for mechanical engineering“ (Regionalagentur Maschinenbau), as the first main co-ordinating body of the pact in Chemnitz, has played a role that can be considered similar to that of a monitoring committee.¹⁷²

Activities regarding **day-to-day monitoring of projects** were mainly concentrated within the pact's second co-ordination branch, established at the „Chemnitz economic promotion and development agency“ (CWE). They were carried out in collaboration with a representative of the local trade union. Although one can observe a lack of quantitative indicators with regard to employment effects especially for the initial action programme of the pact (1998), specific means for progress measurement (indicators) of individual activities have been elaborated "internally" during the related implementation phase.¹⁷³ In addition, regular meetings on project management have been organised, in which representatives of the "regional agency" and the IAS participated.¹⁷⁴

There have been **different attitudes of other actors and agencies towards the Chemnitz Pact.**¹⁷⁵

- The structures of the Land initiated employment pact (Stiftung Innovation und Arbeit) have played a very supportive role during the elaboration of the Chemnitz employment pact. The broad acknowledgement of the initial pact as a "leading project" for the region shows that the pact was well anchored in Sachsen.
- Due to the fact that local structures of the Land-initiated employment pact have been doubled in Chemnitz ("Regionalstelle Chemnitz" and "Regionalagentur Maschinenbau Chemnitz"), tensions and a certain competitive relationship have however appeared from

¹⁷⁰ **Interview** with Chemnitz pact representatives

¹⁷¹ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Juni 1999.

¹⁷² **Interview** with Chemnitz pact representatives

¹⁷³ **Interview** with Chemnitz pact representatives

¹⁷⁴ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Juni 1999.

¹⁷⁵ **Interview** with Chemnitz pact representatives

time to time at local level within the EU-initiated Territorial Employment Pact.

- A very positive outcome of the pact in Chemnitz was that the basic philosophy of the pact-approach was more and more accepted at local level and that the critical distance of many local actors could be slowly diminished. Especially the reluctance of employers with regard to the pact could be slowly reduced.
- On the other hand, however, a certain reluctance to co-operate within the Chemnitz pact could sometimes be observed for some particular local actors, especially at the level of individual projects (e.g. creating the database on local SMEs: Chambers of commerce, other departments of local authorities responsible for economic development).

During the preparation phase, the **German technical assistance office (ZENIT)** has provided help to various pacts for elaborating their action. During June/August 1998, the office staff also visited the Chemnitz pact. According to the opinion of the local participants present at the interview, the communication with and the input from ZENIT was good and satisfactory.¹⁷⁶

Pact resources

With regard to **human and institutional resources**, means for technical assistance have been used to install a specific project office called “Drehscheibe” at the Chemnitz economic promotion and development company (CWE). The „Drehscheibe“-secretariat of the pact was equipped with one full-time employed person and another half-time assistant.¹⁷⁷ The personal resources levered into the territorial employment pact in Chemnitz have remained constant over the lifetime of the Pact-Action plans.¹⁷⁸

In addition, one has also to consider the input of the "regional agency for mechanical engineering". Its office is composed of two people (one representative of each employers and workers) that are seconded by two secretaries with a half-time employment.¹⁷⁹

The **total cost for co-ordinating the pact** (244.478 DM) was financed by the following sources: The pact has received a Community contribution with a total of 195.583 DM, which was complemented by a 20% own contribution (48.895 DM) from the Chemnitz economic promotion and development company (CWE).¹⁸⁰

The **financing of individual pact projects** is highly diversified, which is mainly due to the cross-sectoral policy approach of the action programme. Nearly all projects include financial means coming from programmes of the European structural funds (the ERDF, the ESF), local

¹⁷⁶ **Interview** with Chemnitz pact representatives

¹⁷⁷ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998

¹⁷⁸ **Interview** with Chemnitz pact representatives

¹⁷⁹ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998

¹⁸⁰ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Abschlußbericht zum 31.12.2000 für das Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Chemnitz, Juni 2001.

public funds and private resources or programmes and initiatives existing at federal level or Land level.¹⁸¹

With regard to **cost-effectiveness**, the interviewees consider that the pact activities have led to a significant and highly valuable degree of outputs (especially in the field of networking and co-operation; early mobilisation of actors) compared to the means that have been mobilised.¹⁸²

Dissemination and networking activities

An important aspect of the Chemnitz-pact had been to strengthen regional/local networking among enterprises and other actors that could enhance the overall development of the area. Therefore, every month so called “round table” meetings between entrepreneurs or between start-up companies were organised. Especially the "industrial roundtables" have become a "jour fix" in the schedule of each managing director.¹⁸³

Besides this, the actors of the Chemnitz-pact have participated in the national networking activities of the German TEPs and in the transnational events organised by the Commission.

Mainstreaming

A clear **mainstreaming approach** that opens up scope for local pact initiatives was not achieved in the framework of the new Objective 1 programme in Saxony (two000-2006).

Initially the Land Ministry for Economic Affairs indicated that there could be possibilities for a further support of local initiatives on employment or other local development aspects. However, the financing of management structures for such a process was considered to be very difficult. Over the time it became clear that the organisational construction of the pact is not likely to survive and that the Chemnitz TEP did not want to carry on. As a consequence, there was no determining influence from that side on the Land government to support pact approaches. It is probable that certain projects will be continued under changed conditions. This is especially the case for the activities for the support of start-up companies that were very successful.¹⁸⁴

¹⁸¹ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Januar 1998. **Zenit**, Interim Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 30th of April 1998.

¹⁸² **Interview** with Chemnitz pact representatives

¹⁸³ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Abschlußbericht zum 31.12.2000 für das Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Chemnitz, Juni 2001.

¹⁸⁴ **Zenit**, Final Report, Territorial Employment Pacts in Germany. Reference period: January 2001-June 2001. **Zenit**, Final Report, Territorial Employment Pacts in Germany. Reference period: June 2000 – December 2000

1 reason behind this development might also have been the Land government's „hidden position“ to consider its own employment pact approach (Stiftung Innovation und Arbeit Sachsen) with its local branches as the main initiative to be supported under the new Objective 1 programme.¹⁸⁵

Successful and lasting achievements at the end of the of the EU-territorial employment pact in Chemnitz are¹⁸⁶

- the elaboration of the "Chemnitz consensus model" (this model aims at establishing a partnership based model for jointly tackling critical situations arising if companies face an economic downward trend or if they are close to be shut down), which resulted from the coaching-measure of trade union representatives (Betriebsräte) within individual enterprises,
- the improvement of mutual networking among the highly dispersed local economic actors, mainly through initiating and continuously animating various „roundtables“ between local enterprise representatives,
- the creation and extension of a local database on small and medium-sized enterprises in the area and the creation of an information forum regarding the local economy,
- the stimulation of entrepreneurship at the local level in Chemnitz, mainly through launching a competition for start-ups
- the stabilisation of the mutual relationship between trade unions and employers that was rather conflictive previous to the beginning of the pact.

Assessment of overall added value of the TEP

The contribution of the TEP to achieving Community priorities

The Chemnitz pact strategy mainly focussed on the adaptability of the workforce, the stimulation of entrepreneurship and the promotion of new sources of jobs. The pact activities subsequently supported projects that aimed at creating new jobs to meet the employment shock, at stimulating entrepreneurship and apprenticeship, at improving the adaptability of workers and at promoting the co-operation among local or regional companies (very strong focus on the latter aspect).

Baring in mind the particularly difficult framework conditions of the Chemnitz area, the pact has through its local development initiatives successfully **contributed to a stabilisation of the local level of employment and – to a lesser extent – to the creation of new jobs.**

Even if some projects of the pact action programmes could not be implemented (which is mainly due to a lack of acceptance or a lack of assurance finance), the Chemnitz pact **had significant success in improving the regional basis for information and in stimulating closer co-operation between enterprises.** Overcoming information deficits, problems of communication or other functional and psychological barriers were certainly important key issues in the area, which have successfully been tackled by the Chemnitz pact.¹⁸⁷

¹⁸⁵ **Interview** with Chemnitz pact representatives

¹⁸⁶ **Interview** with Chemnitz pact representatives

¹⁸⁷ **CWE/IAS/RMC:** Drehscheibe Chemnitz: Abschlußbericht zum 31.12.2000 für das Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Chemnitz, Juni 2001.

Networking activities **contributed to improve "cluster building" among enterprises** of a similar branch and therefore helped to create and secure employment in the mostly small and medium-sized companies. With the bundling of competencies through closer co-operation, SMEs could also improve their market access. The employment pact also helped to transfer individual networks into sustainable and lasting institutional structures.

In the light of the above mentioned outcomes, the pact's **contribution with regard to human resources development must however be considered less successful.**

Benefits of the TEP-implementation method (including Structural Funds working methods)

It was already mentioned above that the EU-territorial employment pact in Chemnitz was **closely linked to another employment pact initiative that has been initiated by the Land of Saxony**. The broad acknowledgement of the initial pact by the „Stiftung Innovation und Arbeit“ (IAS) as a “leading project” for the area shows that the pact was well anchored in Sachsen. In addition to that, there was also a close contact with the Sub-Committee established for Objective 1-interventions in Saxony.¹⁸⁸

Despite the existence of previous local networks among key stakeholders, however strongly segregated between networks of people coming from the West and networks of people living in the Chemnitz area, **the pact partnership** in Chemnitz was a qualitatively "new partnership performing a new function" at the outset.

Over the lifetime of the Chemnitz pact, it was possible to enlarge the local partnership. More than 30 enterprises, chambers, the local employment office, institutions, associations and others were actively participating in the pact. Together with these partners, individual projects are elaborated. The adherence to the pact was particularly successful as regards individual enterprises, mainly due to their increasingly firm and reliable commitments.¹⁸⁹

Considering the highly fragmented situation at the beginning of the pact and taking into consideration the scope of actors actually involved, the significant improvements in mutual co-operation have helped the Chemnitz pact partnership to evolve towards a "new partnership performing an old function" at the end of the employment pact's lifecycle.

The multiplier and leverage effects of the TEP (financial dimension)

According to the opinion of Chemnitz pact representatives interviewed, the territorial employment pact has achieved a very positive degree of private financial contribution to the activities envisaged in the action plan.

An additional success of the pact was that its activities helped to successfully prepare a number of project submissions to a national funding programme, which have led to a

¹⁸⁸ **Zenit**, Final Report no.2 on Technical Assistance Activities for Territorial Employment Pacts in Germany. Reference period: 13th of February 1998 - 12th of August 1998.

¹⁸⁹ **CWE/IAS/RMC**: Drehscheibe Chemnitz: Aktionsprogramm zur Erschließung von Innovation und Beschäftigung durch Kooperation von klein- und Mittelbetrieben. Ein Pilotprojekt in Sachsen, unterstützt von der Stiftung Innovation und Arbeit Sachsen. Chemnitz, Juni 1999.

considerable inward-flow of external funding resources into the region.¹⁹⁰

Lessons¹⁹¹

The Chemnitz pact has managed to establish very interesting and ambitious actions that have largely been implemented. They have concentrated on the identification and consolidation of regional strengths and the re-establishment of a regional identity. Without the initiating function of the pact initiative, a large number of regional actors would not co-operate, as it is the case at date. In addition, a larger number of projects directly resulting from closer co-operation would not have been implemented. Even if the “EU-pact” will not be continued, it has largely contributed to overcome a difficult period in the Chemnitz region.

The **main strengths and achievements** of the Chemnitz-TEP are the following:

- Good experience with the concentration of the pact activities on a branch (mechanical engineering).
- Very successful activities with regard to networking and “cluster building” of local enterprises (mostly SMEs) of different branches.
- Taking into consideration the difficult local situation, the adherence to the pact was particularly successful as regards individual enterprises (also due to their increasingly firm and reliable commitments).
- The management of a pact can very well be shared between a regional agency for the economic development and a branch office.
- The co-operation of trade unionists and employers in the branch office helped to find a well-balanced action plan with overall implementation support.
- Pact activities have contributed to prepare specific projects that were submitted to a national support programme, which led to a considerable inward-flow of external funding resources into the region.

The **main weaknesses** of the Chemnitz-TEP are the following:

- In regions with a really high unemployment rate and persisting unstable economic situations, the stability of a pact is difficult to maintain.
- A main factor sometimes hindering the work of the territorial employment pact in Chemnitz was the highly diverse interests of different local actors.
- Changing personnel within the pact office has complicated the continuity of the pact management.
- The co-existence of the EU-TEP in Chemnitz and the Land pact with own local structures in Chemnitz sometimes gave rise to a certain degree of “competition” and might also be a reason for the non-continuation of a local Chemnitz pact in the new programming period.

¹⁹⁰ **Interview** with Chemnitz pact representatives

¹⁹¹ **Zenit**, Final Report, Territorial Employment Pacts in Germany. Reference period: January 2001-June 2001. **Interview** with Chemnitz pact representatives.

IV. INTERVIEW LIST

Interviews: Territorial Employment Pacts, Germany		
Date	People participating	TEP / Institution
25.04.2002 10.00-12.00 h	<ul style="list-style-type: none"> • Mr. Lange • Mr. Sonntag 	<ul style="list-style-type: none"> • Pact co-ordinator TEP-Saxony, Chemnitz (CWE) • Representative of the Chemnitz Trade Union (IG Metall)
26.04.2002 8.30-10.30 h	Mr. Fröhlich *)	Pact co-ordinator TEP-Ruhr, Herten (Emscher Lippe Agency)
06.05.2002 10.30-13.00h	Mr. Aster	Pact co-ordinator TEP-Berlin Neukölln, Berlin (GSUB)
06.05.2002 14.00-16.00	<ul style="list-style-type: none"> • Mr Mücke • Ms Muhlak • Mr Briant • Mr Sauthoff • Ms Keppke 	<ul style="list-style-type: none"> • Neukölln District office for economic counselling • BEQUIT qualification company • Member of the pact association • Member of the pact association • Member of the pact association
**))	-	National TAO, ZENIT
<p>*) A representative of the Trade unions was expected to come, but finally could not attend the meeting due to some constraints.</p> <p>**) Due to time mutual constraints/incompatibility of timetable, no interview date could be scheduled with the ZENIT representatives.</p>		

**National Report on the overall performance of the TEP
Programme:**

GREECE

Prepared by: Dimitris Karantinos, Ekke, Athens

SECTION 1 – TEP PROGRAMME AS A WHOLE

1.1 Member State Context

Application and selection procedures

The most important stages in the setting up of the programming system and implementation of the TEP were as follows:

- 1997: Selection of the territories which can take part in the pacts. An inter-ministerial committee was set up for this purpose, comprising representatives from a number of ministries (National Economy, Labour and Social Security, Development and Public Administration and Decentralization). Seven territories were selected: Drama, Kozani – Florina, Imathia, Achaia, Beotia and Western Athens-Piraeus (Ministry of National Economy, 5578/17-2-97). The Ministry of Labour and Social Security appointed the National Labour Institute (EIE), as a technical assistance and coordination unit and commissioned the action plans of the seven pacts. The National Labour Institute, following a call for tender, selected seven pact coordinators and provided short-term training for them. Local partnerships were formed in the seven territories.
- 1998: The government passed a Law (2639/1998) recognizing the importance of the TEP programme and allowing for the establishment of local partnerships. Action Plans were transformed to Technical Sheets (Τεχνικά Δελτία) by the pact coordinators in collaboration with the local partners, the consultancy firms responsible for the drafting of the action plans and the National Labour Institute¹⁹². The Technical Sheets were submitted to the Monitoring Committees of the Regional Operational Plans and approved. The seven pacts were treated as separate SF sub-programmes, drawing resources from funding not being used by other actions of the programmes (reprogramming) and from the utilization of the annual SF deflator.
- 1999-2001: Management structures and execution procedures were established by the seven pacts. Activation of financing lines for the seven pacts and implementation of projects.

Policy and intervention context

For a variety of reasons, employment initiatives at the local level are not very well developed in Greece. Cultural, political and economic reasons have all something to do with this situation, but the single most important factor explaining this relative “backwardness” is probably the pace of decentralization. In contrast with other EU member states, decentralization in Greece is still an on-going process and far from complete.

The governance system is organised in four levels, the local (Dimoi and Koinotites), the prefectural (Nomarxies), the regional (Perifereies) and the national. Most of the responsibilities however for policy design and delivery in fields such as employment, education and training, social policy and the provision of infrastructure still belong to the central government. Measures having a bearing upon labour market and social inclusion, the development of economic fabric, etc, are largely planned centrally and implemented by local branches of ministries and other public (or quasi-public) agencies. It should also be

¹⁹² The Technical Sheets contain only the actions which are eligible for funding under the Structural Funds’ regulations.

mentioned that, contrary to other EU member states, social dialogue procedures and more generally the involvement of social partners in the design and delivery of active measures is a relatively recent phenomenon. Moreover, private sector representatives rarely (if ever) participate in initiatives aiming at improving welfare, promoting employment and fighting unemployment. Lastly, NGO's and voluntarist organisations have traditionally been left to operate independently, having no links with public bodies and policy, except perhaps in the field of social welfare.

This was the picture prevailing at the beginning of the 90s and, more or less, the context within which the TEP programme was launched in 1997. By the mid 90s, resources and expertise for carrying out active labour market policy and measures were relatively poor at the national level, let all the sub-regional level in which the TEP projects were asked to operate. At this latter level, the only memorable experiments geared towards the development of social economy at the local level and pre-existing the TEP programme, relate to the EC Programme Local Developmental Initiatives (TAP), and to a number of informal local partnerships, set up to implement Community Initiatives projects, notably NOW and HORIZON¹⁹³.

Since the launch of the TEP programme, the rather bleak picture painted above has gradually started to change. The role and responsibility of regional and local partners in implementing policy to promote training and employment measures has been strengthened somewhat, and as a result, Greece is today in a better position to provide a more adequate response to unemployment. The reasons behind this gradual and still on-going shift in emphasis away from central planning and delivery may be found in the deteriorating situation in the labour market during the second half of the nineties, and in the associated “disillusionment” with the way in which active policy were designed and implemented. More specifically, unemployment has been rising in Greece all through the second half of the 90's, in spite of both strong output growth and substantial structural fund resources. The limitations of existing policy have thus been made apparent.

Furthermore it has become clear that a more efficient response to labour market problems should combine policy from a number of fields (an arrangement that presupposes broad-based partnerships) and be designed and delivered at the local or regional level (as envisaged by the TEP programme). An important side effect of the TEP programme is that together with some other programmes and initiatives, it enabled local expertise to be built-in, thus facilitating a more decentralized approach to employment promotion.

Attitude of actors towards the TEP Programme

The TEP programme was well received by most of the actors which were involved at the time in the local decision making process. Although the TEPs were originally introduced by the government, local actors (e.g., local and prefectural authorities, Chambers of Commerce, NGOs, etc) were clearly ready and keen on implementing a pilot scheme for the promotion of local employment.

¹⁹³ The TAP programme has been financed by the Mediterranean Integrated Programmes (MOP). It has since then been abandoned, as it is thought that it has failed to reach its objectives.

In contrast, the TEP programme received a lukewarm reception from the trade unions mainly for political reasons. At the time of the launching of the TEP programme, there was an on-going dialogue between the social partners and the government concerning industrial relations in general and labour market flexibility in particular. The TEP programme was seen by the trade unions as an instrument which could potentially lead to labour market deregulation. More specifically fears were expressed that the TEPs will contribute to the establishment of purely temporary and badly paid working posts. These fears and uncertainties were magnified by Article 4 of the Law which established the TEP programme (Law 2639/1998), according to which wages and salaries agreed upon in connection with the functioning of a pact are allowed to fall below the limits envisaged by sectoral collective agreements and up to the limits envisaged by the National General Collective Agreement (conditional upon the consensus of the local Workers Centre). Largely as a result of such fears and although actively participating in most pacts, the trade unions opposed the mainstreaming of the TEP programme.

1.2 Overall Pact Performance in the Country

Short description and basic figures of the Greek pacts

According to official estimates, the total budget of the seven Greek pacts is estimated at 4,368,717,655 drs, or approximately 12.8 million Euros¹⁹⁴. This consists entirely of structural funds resources, mostly from the ESF (61.8% of the total) and the FEDER (22.4% of the total). The private sector provided no funding for the pacts in Greece. It is understood that the total initial planned budget exceeded by far the actual budget of the seven pacts.

Regarding the impact on employment, the target set at the start of the pacts was to create or safeguard 10,789 jobs. Of this total, 1,596 jobs were to be created directly by the pacts. In all, 63 actions were submitted to the Monitoring Committee for approval of which 47 were eventually approved. Of these actions 17 related to welfare and inclusion (actions in favour of the disabled, the elderly and general social welfare services), 13 related to entrepreneurship and the business environment, 9 actions related to employment promotion in the fields of tourism and culture and 8 actions related to employment promotion in the field of new technologies and the environment.

1.2.1 Meeting the four broad Programme Objectives

It would be hard to maintain that the Greek pacts have met the 4 broad Programme objectives. However, elements of these objectives can be found in almost all the pacts.

As regards the objective of a broad-based partnership, it should be noted that private sector employers were not represented in the partnerships formed. The latter mainly consisted of local authority representatives, Chamber of Commerce representatives and local trade unionists (the participation of the local Workers Centre was obligatory for the formation of a TEP). Lastly, NGOs participating in TEPs were an exception rather than the norm. It is equally difficult to speak of a genuine bottom-up approach. The action plans were drafted centrally in consultation with the local partners and initially approved by the National Institute of Labour. Most of the actions proposed by the action plans (86 actions) or

¹⁹⁴ National Labour Institute, 2000, Final Report on the Greek TEPs 1997-1999, March (in Greek).

submitted to the Monitoring Committee for approval (63 actions), were based on earlier actions and programmes implemented in the region, typically by local authority structures. On average each pact comprised of 6-7 actions, with different objectives and implementation procedures. In reality, far from forming an integrated approach to local employment development, these actions constituted unrelated projects. The only thing they appeared to have in common is that they received their resources from the same budget. Lastly innovative elements and the use of new technologies were only partially and sporadically introduced by the pacts. Of course “innovation” is a relative or comparative term. In this respect, one could argue for example that the need to link training activities with employment, which has been actively pursued by all pacts and which is considered standard procedure today, constituted an innovative element in Greece then.

Problems and obstacles encountered

It is frequently acknowledged that the Greek pacts achieved only modest success, because of a variety of factors, most of them having to do with the way in which the Ministry of Labour handled the programme¹⁹⁵.

To begin with, following the launching of the programme by the Commission, the Ministry communicated with local authorities, explaining the rationale of the programme and asking them to submit relevant proposals. The time limits set for this purpose however were very tight. As a result only the local authorities with already existing, ready-made proposals were able to respond.

The criteria for the selection of the territories were never made clear and announced publicly. It should be noted that regional disparities are relatively small in Greece (compared to other EU member states) and that the selection of the seven territories represents an attempt to cover all parts of mainland Greece. However, the mountainous and island regions are not represented among the seven pacts. These areas cover a large part of Greece and face different, more severe structural problems than mainland areas.

Local partners had only a limited involvement in the formulation of the action plans. The latter were drafted by a number of consulting firms, selected and financed by the National Labour Institute. It is thought that although the action plans incorporated a lot of the proposals made by local partners, they were, on the whole, over-ambitious and not close enough to the local situation. This perhaps explains why out of 83 actions proposed by the action plans, 63 were submitted to the Monitoring Committee and only 47 of them were eventually approved.

Prior to the submission of the proposals and the drafting of the action plans, no preparatory studies on local labour market developments and performance had been undertaken. Such an action would seem to have been not only desirable but necessary, since labour market data and information leave much to be desired in Greece. In describing the local labour market context, for example, the action plans had to rely upon the (outdated) data of the 1991 census, since the Labour Force Survey does not publish information on the prefectural level.

¹⁹⁵ See, Palaiologos, N., and Papavasileiou, X., (2000), The TEP Programme in Greece, Enimerosi, No 58, INE/GSEE. The present section draws heavily from this article.

The actions selected by the Monitoring Committee are generally fragmented, individual projects and do not constitute an integrated strategy for local employment development. Besides, the decision to finance the seven pacts (clearly pilot and innovative projects) out of the Regional Operational Programme budgets (mainstream structural funds), caused serious delays and introduced bureaucratic procedures. More flexible arrangements, such as the ones followed in the case of the Community Initiatives, would have been preferred.

The projected number of jobs to be directly created by the seven pacts (200 jobs on average for each pact), is judged to be rather limited, and below expectations. Besides, these jobs are bound to be temporary, in the sense that wages are financed out of the ROPs which have a definite termination date (December 2001). Furthermore, it is understood that only a fraction of the number of jobs initially planned did in fact materialize. Indirect job creation, on the other hand, has been based upon already existing arrangements and structures (i.e., subsidised employment provided by OAED) and has not been the result of new resources mobilized by the pacts.

The local technical coordinators employed in order to provide technical and scientific support for the pacts, were selected and hired centrally by the National Labour Institute and not by the pacts themselves. This had certain implications, especially in those instances where there was a divergence of opinion between the pact and the National Labour Institute (divided Royalties).

With respect to management procedures, the pacts formed either (informal) steering committees or 'societe civile' companies (Αστικές μη Κερδοσκοπικές Εταιρίες) managed by executive boards. The operation of these structures however has not been supported by a separate budget, as this was not planned as an eligible action. As a result the pacts never developed a unified mechanism for the planning, monitoring and evaluation of activities. The steering committees often limited themselves to the simple task of approving the proposals for actions, made by the individual partners (the latter were solely responsible for the planning, implementation and management of resources of their actions) or to granting certificates for participation in OAED's subsidy schemes.

Finally, the available funds for technical assistance were utilised solely by the National Labour Institute. The pacts therefore had no access to technical assistance, except in the case of the technical coordinator and in some pacts in the case of action coordinators.

To sum-up, problems and obstacles, such as those outlined above, are thought to have reduced the impact of the pacts and to have caused only limited activation of the local forces and societies.

Employment impact

The pacts were designed so as to affect employment directly through new jobs linked with the actions, as well as indirectly, through the activation of local employers and greater use of employment incentives. The projected number of new jobs to be created by the pacts is reflected in the Technical Sheets of the actions. However the exact number of new jobs which did in fact materialize as a result of the pacts remains unknown. This is because:

a) the pacts did not have an obligation (and were not asked) to provide the Monitoring Committees with a final implementation report following the termination of activities (December 2001); and

b) the National Labour Institute decided not to apply for an extension of technical assistance (although supplementary technical Assistance was available for the year 2000). Hence the Final Report on the Implementation of the Greek Pacts published by the Institute covers the years 1997-1999 and not the later period (2000-2001) when most placements were expected to occur. It should be mentioned that the reasons behind the decision not to apply for the renewal of technical assistance are not clear. One possibility is that Greece did not apply due to disillusionment with the pacts. Another possibility is that it was judged that there was no real need for a continuation of the technical assistance offered to the pacts.

The pacts are expected to contribute to the creation of 10.789 new jobs in all. Of these, 1.596 new jobs are directly linked to the actions of the pacts. 9.193 new jobs are expected to stem from the employment subsidization programme, implemented by OAED¹⁹⁶.

It should be noted that OAED has provided, since 1999, increased (more generous) incentives for the jobs created by the pacts and later on extended these incentives so as to cover the whole of the territories where pacts were operating. There are two main subsidised employment schemes: a wage subsidy scheme for firms (Νέες Θέσεις Εργασίας) and a start-up scheme for self-employment (Νέοι Ελεύθεροι Επαγγελματίες). Of the 9,193 new jobs that were expected to be created, 5,938 (65%) were projected to stem from the wage subsidy scheme and the remaining 3,255 (35%) from the self-employment aid scheme. As regards the efficiency of these measures and their undesired effects, little is known. Earlier national evaluations of these programmes revealed strong deadweight effects associated with the wage subsidy scheme and extensive displacement associated with the start-up scheme.

Although no exact figures are available, there is a feeling that the employment creation aspect of the pacts planning was over ambitious and that a sizeable part of the projected jobs has not in fact materialized.

Outcomes and added value

Perhaps the most positive aspect of the TEP programme in Greece has been its contribution to the establishment of a culture of cooperation and the development of multi-sectoral responses to unemployment at the sub-regional level.

Those familiar with social and labour market policy in Greece have frequently acknowledged that there is little tradition of cooperation among agencies and other bodies. Traditionally, public agencies and bodies have pursued mono-sectoral policy, and have not sought the cooperation of other bodies and agencies even within the context of these mono-sectoral policy. Furthermore, public administration in Greece is strongly centralized, with important implications for employment policy formation and effectiveness. one feature of this centralization is the concentration of powers and responsibilities in the central services of the ministries rather than regional and local services. This concentration deprives prefectural and local services of the possibility of planning and exercising administration with respect to local priorities and conditions. Moreover, the exaggerated centralization of authority is accompanied by exaggerated bureaucratisation and by an extremely formal and legalistic approach to matters, which stifles effective management.

¹⁹⁶ Orologa, A., (2000) Implementation Procedures of the Greek TEPs, Provokes, National Labour Institute, July (in Greek).

There is little doubt that local authorities are emerging as an important force in the cast of actors in the fight against unemployment. Local authorities currently benefit from the political tide toward decentralization and they have the important advantage that they are close to the labour market and employment problems. However, significant obstacles continue to hinder the ascendance of local authorities, particularly lack of funds and of expertise. By providing access to significant independent funds the TEP programme enabled the participating local governments to test true decentralization, and real local autonomy and initiative. Furthermore, it enabled the coordination of the dominant socio-political local actors such as professional organisations, trade-unions, employers, and NGOs (e.g. the Church). This coordination of agencies and institutions is a technical prerequisite for efficient action to combat unemployment. Thus the experience of the TEP programme has helped sow the seeds for this new form of partnership, and has laid the foundations of the development of a true local response to unemployment.

Sustainability, Mainstreaming and Multiplier Effects

With respect to sustainability, most of the structures which were formed with the help of the TEP programme remain intact and are currently seeking resources to continue their operation or have already secured new funds either from European programmes (notably the Community Initiatives) or from national funds. The pacts that have taken the legal form of ‘societe civile’ (Αστική Εταιρία) are more likely to continue their operation in the medium-run.

The seven Greek pacts will not receive a continuation of funding or become formally part of the ROPs of the new CSF (2000-2006). Instead they are to be replaced by a new type of action, to be co-funded by the structural funds and the national budget, bearing the title Local Employment Initiatives (ΤΠΑ). Although the details of this new type of scheme are not yet finalised, it is understood that the Initiatives will resemble the TEPs in rationale and approach (i.e., broad-based partnerships at the local level aimed at promoting local employment), albeit at the sub-prefectural level (Dimoi). Furthermore, the Initiatives are likely to be more concentrated in scope than the TEPs and organised in a more flexible manner, so as to avoid some of the administrative problems faced by the TEP. With respect to the latter, according to the National Action Plan for Employment for the year 2002, the National Forum for Employment (a new committee on employment set at the national level) will examine the current institutional setting for the TEPs with a view to propose improvements¹⁹⁷.

Finally, at least five different types of problems affecting the formation and effectiveness of cooperative efforts and partnerships to boost employment at the local level can be discerned. These are posed by:

- the legal and institutional framework
- lack of efficient planning
- bureaucratisation and inflexible management procedures imposed by the state
- the attitude of the business community
- lack of expertise.

These problems are clearly inter-related. For example, the business community would probably have been more likely to participate in the TEPs and commit economic resources if the partnerships formed in the context of the TEP programme were legal entities.

¹⁹⁷ Ministry of Labour and Social Security, National Action Plan for Employment 2002, p.79.

SECTION 2– CASE STUDIES

IMATHIA

1. The Background to the Pact

Imathia is one of the northern districts of Greece and part of the region of Central Macedonia. It has a population of approximately 140,000 and it covers an area of 1,700 km². Production is dominated by agricultural products, in particular peach growing and by the presence of a number of industrial units specialising in textiles, situated around the town of Naousa. Since the early '90s the district has experienced serious structural problems, mainly caused by exogenous factors: the closing of the roads in the former Yugoslavia has vastly increased transportation costs for fresh and canned fruit, while the textile industry has declined for structural reasons (a trend observed in other EU territories as well). Although reliable labour market data does not exist, it is believed that the unemployment rate for the district is equal to or higher than national average. Most of the unemployed are women and young people (secondary workers, employed occasionally and contributing a supplementary income to the household).

With respect to the TEP programme, the prefectural authorities responded positively to an invitation by the National Labour Institute. The foundations of a local partnership had already been laid by an agreement on industrial pollution issues between the Chamber of Commerce and Industry, social partners and the local authority. Expertise was also gained through the participation of the local authority in NOW and HORIZON.

2. Direct outputs and results of the TEP

The pact mission was conceived as follows: to guide, advise and help all partners involved, towards the implementation of commonly agreed targets.

Of the four broad Programme objectives, the first two, namely bottom-up approach and broad-based partnership, appear to have been met to a considerable extent. Integrated strategy and innovative elements however appear to be lacking, at least in the strict sense of these terms. An integrated strategy requires striking a balance between supply and demand. The Imathia Pact however was largely oriented towards stimulating labour supply.

It should be mentioned that in September 1998, the informal partnership which was been set up in order to implement the TEP took the legal form of Societe Civile (Αστική Εταιρία) with 15 members, initially (in 2000, 5 more partners joined the scheme)¹⁹⁸. The majority of the partners were local authorities. The participation of a private firm (EUROFARM S.A.) is notable, as well as the participation of the Workers Centre of Veroia, the capital (but not of its equivalent in Naousa).

3. Pact's specific objectives and progress

The pact established the following actions/projects:

1. A supportive structure for the employment of people with disabilities

¹⁹⁸ The only other legal form open to local authorities, is that of the commercial enterprises. The form of Societe Civile however has certain advantages. It requires minimal capital, the tax provisions are more lenient, the economic accounting procedures are less complex and the procedures for dissolution of the legal entity are relatively simple.

2. A centre for the provision of services to the elderly
3. A pilot scheme of extending school hours
4. A supportive structure for the unemployed
5. Four training courses for the unemployed
6. A scheme fostering the development of new types of tourism.

From the above list it becomes clear that the main thrust of the actions put forward by the pact, was the provision of social welfare services. The pact designed actions aimed at closing real gaps in social policy, thus substituting for the omissions of the central government. Most of the actions put forward by the pact in 1997 are considered mainstream actions today (e.g., the all-day school for example), eligible for funding under the new CSF, which explains why there has not been a real need for a new local action plan. Still, closing gaps in social services provision can have an important employment impact. The example of the disabled is typical. Although reliable data is non-existent, it is widely believed that employment rates among the disabled are very low and far below potential.

Similarly, providing services for the elderly and extending school hours, can have employment effects, both direct (number of people engaged in the provision of services) and indirect (by increasing labour supply among women).

4. Outputs and results

One of the main achievements of the pact has clearly been the linking of training with employment. At the time of the setting up of the pact there was a lot of disillusionment with continuous (i.e., short-term and job specific) training as a means of fighting unemployment. This had to do with the relevance of training (insufficient links with the needs of the employers), rather than with the quality of training per se. The Imathia pact has trained 60 unemployed workers, all of whom became employed following training (30 were hired by a construction firm associated with the local authority and 30 were employed in the various actions of the pact). Apart from providing 60 new jobs, the pact has therefore also demonstrated the practical usefulness of training as an instrument for achieving employment results.

The number of jobs created by the pact, both planned and actual, by type of action are shown in the Table below.

Type of action	Number of jobs		Cost (in million drs) in Euro	Cost per job (in million drs) In Euro
	Planned	Actual		
1. Supportive structure for the employment of people with disabilities	15	5	145.268	29.054
2. Provision of services to the elderly	32	27	105.649	3.903
3. Pilot scheme of extending school hours	26	23	107.410	4.666
4. Supportive structure for the unemployed	5	2	41.379	20.690
5. Four training courses for the unemployed	60	60	220.103	3.668
6. New types of tourism	15	12	93.910	7.806
Total (excluding training)	93	69	493.617	7.161
Total (including 30 trainees who were employed)	123	99	713.720	7.219

As it can be seen from the Table, the pact has managed to achieve most of the job creation initially planned (three-quarters of the total). Further, the cost per job realised appears to be relatively low, at least in relation to EU average, a finding which implies that creating jobs through local initiatives might be more cost-efficient in Greece than in the remaining member states¹⁹⁹.

5. Indirect outputs

As noted earlier, in order to boost the employment generation impact of the pacts, OAED has established more generous subsidy programmes for the areas covered by the pacts. The Imathia pact has been able to stimulate local employers and the unemployed to a considerable extent in order to take advantage and participate in these employment subsidy schemes. During 1999, the only year for which precise figures are available, the number of new jobs created was estimated to be 871 (518 under the wage subsidy scheme and 353 under the start-up incentives scheme). During the whole life span of the pact, the number of jobs created was estimated at approximately 2,500 (1,900 under the wage subsidy scheme and 600 under the self-employment scheme). Some caution is required however in the interpretation of these figures, as these relate to “gross” as opposed to “net” results (serious dead-weight and displacement effects are present).

With respect to monitoring, the quality and extent of data being kept by the officers of the pact was high. Detailed accounts and diaries of events (including number of cases served and type of services offered) were kept as routine work throughout the life span of the pact. Regarding evaluation, a detailed plan including specifications had been composed by the co-ordinator of the pact but it was never been implemented because of lack of funds (the intention was to commission an independent evaluator).

6. Management, Dissemination and networking

The management and dissemination activities of the pact were found to be satisfactory. As noted earlier, the local partnership took the legal form of Societe Civile, something that has certainly added to the credibility of the programme. Furthermore, the responsibilities of the various partners vis-à-vis each other were legally defined and subject to control.

Another strength of the pact has been the management of its actions. The pact has been able to secure wages for action co-ordinators for three of the actions (disabled, elderly and long-day school), through technical assistance, something that contributed to the smooth running of these actions. It should be mentioned that other pacts have failed to secure such resources. Conversely, one of the relative weaknesses of the pact has been the limited involvement of the private sector, and more specifically the limited involvement of a number of employers. Without the true involvement of the private sector, local partnerships run the danger of being able to function only as the appendages of government ministries. Another disadvantage related to the decision of the Workers Centre of Naousa not to participate. Party and local politics are certain to have played a role here. Still, the participation of Naousa, an industrial town in decline, could have exerted some influence on the character of the pact (away from

¹⁹⁹ According to estimates by the Commission, on average, creating a job requires a total funding of 29.500 Euros (8.800 Euros of Community funding, 10.300 Euros in national counterpart funds and 10.400 Euros in private-sector contribution). See, Second Interim Report on the TEPs, Commission Staff working paper, November 1999. A similar appraisal made for Objective 2, (1997-99 period) led also to an estimate of 20.600 Euros. Irrespective of the reservations I might have on the reliability of these estimates, the estimates in the Table above (cost per job 2,46 million drs, or 7.219 Euros), compare favourably with the corresponding European estimates.

social service provision and towards actions mitigating the detrimental effects of industrial change).

7. Sustainability and Mainstreaming

Of the six actions of the programme, three (the disabled, the elderly and new types of tourism) continue their operation, albeit at a lower level of activity being supported financially by the local authorities. They are currently seeking new resources from European and national programmes and the odds are that they will succeed. Of the remaining actions, the centre for the support of the unemployed and the all-day school have terminated their activities, for different reasons. OAED has established a new Centre of Employment Promotion (KPA) in the area, thus minimising the need for additional structure to support the unemployed. The all-day school action has failed to become part of the equivalent national programme, introduced in 2001 and run by the Ministry of Education. The main reason for this was a divergence of approach and method (the pact, for example, utilised unemployed teachers whereas the national programme engages already employed teachers).

The partnership of the Imathia pact has, since the termination of the programme, applied successfully for funding under the EQUAL initiative and under the ESF Regulation-Article 6 programme. Furthermore, the partnership is currently waiting for the finalisation of details and the opening up of the new local actions programme to be funded under the ROPs of the new CSF (2000-2006). In this respect the Imathia pact partnership, together with the remaining 6 pacts and a number of informal pacts, has formed a network for securing their interests. The Imathia pact has been actively involved in the setting up of this network.

8. Added value and lessons

The clearest “net” gain has probably been the activation of co-ordination and collaboration efforts within the district. This is a field where Greece, as noted earlier, has no strong tradition. The TEP programme has enabled the formation of a partnership comprised of regional and local authorities, the social partners and one representative of employers. The challenge lying ahead is to extend this partnership so as to cover public organisations (local branches of ministries and public agencies), NGOs (notably the Church) and more private employers. The participation of public agencies and organisations in partnership along with private employers will probably require a new legislative arrangement while the participation of the Church will most certainly require a change on the method and approach (from passive to active).

The employment gains due to the programme are not insignificant. They are, however, smaller than expected. Overall, the Imathia pact could be said to be a relatively successful pilot project. The factors that are thought to have contributed to this success, include the following:

- The response to real, rather than imaginary needs
- The development of interventions for which some experience and expertise already existed
- The avoidance of the formation of new (and ambitious) structures
- The forming of a legal entity, with clear rules and responsibilities for members
- Effective management (in particular the avoidance of working as an appendage of the Ministries).

MAGNESIA

1. The Background to the Pact

Since the early '90s, Magnesia, one of the agro-industrial areas of mainland Greece, has been experiencing industrial decline. Due largely to structural reasons, large firms have either ceased to operate or have restricted production to lower levels. This has resulted in increased unemployment, which is thought to be above the national average. Most of the unemployed are blue-collar workers with low educational standards but with some vocational training for middle-level technical occupations. There is also a segment of the unemployed comprised of inexperienced new labour market entrants, who are better educated but have little chance of finding a job locally.

The agricultural sector of this district also faces downsizing, as it does elsewhere in Greece. However, most of the employment loss in this sector has not increased unemployment, as it has been typically connected with the retirement of elderly farmers.

Under these conditions, the service sector offers the best chances for employment gains and economic growth. In particular the district appears to have a comparative advantage in tourism.

The district of Magnesia is one of the better-researched areas in Greece, not least because of the presence of a local University in the district (the University of Thessaly). The latter has among other things, prepared a full-scale development plan for the prefecture of Magnesia (1995-96). The action plan of the pact was seen as a continuation of this and as a means of implementing the development plan.

2. Direct outputs and results of the TEP

The pact's mission was to support the promotion of employment in the dynamic professions of the private and social economy sectors and also to reduce the economic and social costs of restructuring. A secondary objective was to remove labour market entry barriers for vulnerable categories of the population (e.g., young people, the elderly, people with disabilities).

Of the four broad objectives of the TEP programme, two, namely a broad-based partnership and integrated approach, appear to have been met, at least to some extent.

The partnership set up to implement the programme was comprised of the prefecture of Magnesia, the municipality of Volos, the labour centre of Volos, the industrial association of Thessaly and central Greece and the public employment service (PES) of Volos. The municipality of Nea Ionia, a neighbouring town, joined the partnership at a later stage. The absence of private employers is notable, as is the lack of NGOs. The participation of OAED's local employment office is also significant. Judging overall however, the main local actors could be said to be well represented in the partnership scheme.

The Magnesia partnership has never taken a formal legal structure, as, according to the partners, there was not a real need for such an arrangement. Instead the partnership set up a Co-ordination Secretariat headed by the representative of the Prefecture, being assisted in this task by the pact co-ordinator.

3. Pacts specific objectives and progress

Of the actions originally envisaged by the action plan, 7 were eventually implemented, establishing:

1. A network of mountain walking guides (aimed at tourists)
2. A centre for the support of agricultural activities
3. Health and home care services
4. A jewellers network
5. A women's co-operative catering unit
6. A tourist information centre
7. A women's co-operative for the promotion of traditional local products.

From the above list it is evident that the Magnesia pact has targeted the demand side of the labour market to a considerable degree. On the other hand it is also evident that the pact consisted of a number of unrelated projects, designed certainly to take advantage of employment opportunities in areas such as the social economy or in areas where the district has a comparative advantage, but not forming, altogether, a coherent whole. Because of this fragmentation, it is difficult to claim that the strategy of the plan has been fully integrated, although, as noted earlier, its planning has struck a good balance between supply and demand.

Furthermore, it is difficult to judge whether these actions were responding to real needs originating at the grass roots level of the programme or whether they were conceived and imposed by the prefectural authority, clearly the main actor of the pact. Be that as it may, the Magnesia pact has certainly been an ambitious programme, aiming strongly towards the promotion of employment through the formation of social economy co-operatives.

4. Outputs and results

The Magnesia pact encountered serious obstacles and problems of all sorts, in implementing the employment component of the initial plan. In general, the provision of infrastructure and the training elements of the programme were executed, more or less, as planned. The employment generation aspect of the programme however met a variety of difficulties and has not been realised, in full.

Regarding the network of mountain tour guides, 25 people were trained. These were mostly new labour market entrants who had graduated from technical colleges (TEI), with qualifications in tourism-related professions. The local Hotel Owners Association helped with the selection of the trainees and with the setting-up of the training programme. The Association also provided the necessary infrastructure to serve as contact point for the network. This infrastructure was equipped and staffed by the pact, with two officers. However, the network of guides was never established, partly because the reconstruction of the path networks of Alonnisos and Pelion was delayed and partly because the Hotel Owners Association had no legal obligation to utilise the trainees. It is believed that some of the ex-trainees currently work occasionally as guides but the pact has not followed-up their exact situation.

With respect to the Centre for the support of agricultural activities, this has been a valuable source for local employment, as during the life-span of the programme, it employed 32 scientists of various backgrounds. Ten of these scientists still work today in the same premises, half of them on a part-time basis. The Centre is currently applying for funding under the LEADER Initiative.

The action in the social and health sectors, included two sub-actions: a network of “social helpers” offering help at home, and a new structure offering primary health care in the municipality of Nea Ionia. Two training schemes were conducted, each offering training to 15 trainees, mostly mature, unskilled women. Although the equipment necessary for the operation of the health care unit was bought, and the infrastructure secured, because of problems relating to the legal form of the primary health care unit, the two networks did not operate during the life span of the programme. It is understood that at least four ex-trainees (out of the 30) are currently working as social workers in various local authority departments and that a new social economy enterprise (DIAPOLIS) has been set up in order to activate the primary health care unit.

The Magnesia jewellers Network (DIAMA), had also a similar fate. The action created a laboratory equipped with expensive precision instruments and trained 12 unemployed young people in jewellery making, using the latest available technology. The plan was that local jewellers would use the facilities of the laboratory in order to improve their competitiveness and that they would employ the trainees of the programme. Unfortunately, employers decided not to use the facilities because of the fear that their design methods and professional secrets would become known to their competitors and be imitated. Employers also reneged on their obligation to hire some of the trainees, apparently because of tax reasons. Out of the 12 people trained, only one has been hired by one of the local jewellers. Furthermore, it is believed that three of the ex-trainees work informally as jewellers for local employers and that four of them are self-employed under OAED’s start-up scheme.

With respect to the action of setting up a women’s co-operative catering unit, again, although the infrastructure and the necessary equipment has been secured and the training element of the action has been successfully conducted, the co-operative was never established. It is understood that the trainees demanded to be employed directly by the local authority (and thus become civil servants) and eventually refused to start a business of their own. Of the 15 women trained, four work currently in the catering field for private employers, ten remain unemployed and one has withdrawn from the labour market. The local authorities are currently discussing the possibility of revitalising the co-operative with the help of the private sector.

The development of a tourist information centre has also encountered serious difficulties. The plan was to create the necessary infrastructure and to provide appropriately trained personnel (through a “cultural tourist guides” programme). In this respect, 24 young people were trained, but during the excavations for the building of the centre, ancient ruins were revealed, something that necessitated the temporary termination of activities. The construction of the building which is to house the tourist information centre will proceed with new funding from Athens 2004 (as Volos is one of the Olympic Cities), and the ancient ruins site will be incorporated in the new structure. Of the 24 people trained, eight are currently in employment in travel agencies and local hotels.

Finally, the women’s co-operative for the promotion of local products in the municipality of Pteleos has eventually been formed, following serious delays and complications in the process of acquiring the infrastructure (building and equipment). The co-operative consists of 17 women (nine of whom were trained by the pact). It is clearly too early to provide a judgement on the sustainability of the scheme.

In all, according to the pact co-ordinator, the pact has directly benefited as many as 300 people. Of these, 60 were directly employed by the pact and approximately 220 were trained. Of the trainees, 25% have found employment in the private sector of the local economy. According to the pact co-ordinator, the pact has therefore directly helped 115 unemployed people to find employment. Given that the pact's budget was 611 million drs (of which 230 million was provided by FEOGA, 166 by the ESF and the remaining 215 by the FEDER), the cost per job realised is estimated at 5.3 million drs (approximately 15,600 Euro).

5. Indirect outputs

From the start of the pact until November 2000, the Secretariat of the pact issued certificates for 1,654 unemployed people. These workers benefited from both the wage subsidy scheme (1,152 unemployed) and the self-employment aid scheme (502 unemployed).

The quality and extent of data gathered relating to the training activities of the programme has been impressive. The follow-up aspect of monitoring however has clearly received less attention. Finally, the pact co-ordinator attempted an evaluation of the programme, with mixed results.

6. Management, Dissemination and networking

One of the weaknesses of the Magnesia pact was the fact that the partnership has remained informal. The lack of a formal legal structure became evident when a number of private employers withdrew their support, and no legal action could be taken against them. Another of its drawbacks was the lack of action co-ordinators. Action co-ordinators were never appointed because, according to the pact co-ordinator, the ESF desk officer responsible for the Magnesia pact judged that expenses associated with wages were non-eligible for technical assistance (the desk officer of the Imathia pact appears to have decided otherwise). However, the most serious drawback associated with management was the lack of a mechanism capable of re-diverting objectives according to everyday experience. The original pact plan was clearly ambitious. Its execution would have required substantially more resources than what was available and more time as well. One would have expected that, under the circumstances, and in the light of experience, some action would have been taken to correct for shortcomings of the initial plan.

7. Sustainability and Mainstreaming

For the reasons described earlier, the Magnesia pact has only partially achieved its objectives. As a result of the pact however, both the agencies that participated and the officers of the pact are today much more experienced and ready to develop new actions and participate in new partnerships aiming at the promotion of local employment. In this respect the partnership has successfully applied for funding under the EQUAL Initiative and is currently preparing plans for participating in the new CSF (2000-2006).

8. Added value and lessons

The single most important gain has probably been the promotion of dialogue procedures among the dominant local actors. This side effect of the programme ought not to be underestimated since a) this is a field where Greece has very little tradition, and b) entering a partnership is a difficult process as it entails negotiation, co-operation and conflict and sometimes loss of power.

The lessons that can be deduced, taking in account the experience of the Magnesia pact, include the following:

- Lack of a formal legal structure may have serious repercussions
- No matter how successful initial planning has been, always maintain a mechanism for flexibility to steer actions under the light of day to day experience
- Avoid setting up new administrative structures, unless all possible problems associated with them (e.g., technical, administrative, legal, etc) have been solved prior to the launching of the intervention.
- Plan and execute actions according to specific programme objectives, available resources and time plan and not according to longer-term developmental strategies.

APPENDIX

People interviewed:

1. Imathia

Mr. Dimitris Rossakis (Pact Co-ordinator)
Mr. Thomas Kouteris (President of the Societe Civile of the Pact)
Mr. Giannis Kampouris (partner – Local enterprise for Cultural Development)
Mrs. Adrianna Koufaki (partner – Imathia Development, S.A)
Mrs. Stella Barbarousi (partner – Institute of Labour, Central Macedonia branch)
Mr. Sotiris Barbarousis (partner – local authority)
Mr. Fillipos Hanozidis (officer of the Region of Central Macedonia)

2. Magnesia

Mr. Nikos Markogiannopoulos (Pact Co-ordinator)
Mr. Dimitris Dervenis (President of the Pact)
Mr. Georgios Papamakarios (partner – Local Authority Educational Organisation)
Mr. Themis Sitas (partner – Magnesia Developmental Enterprise)
Mr. Georgios Kostopoulos (partner – President of DIAPOLIS NGO)
Mr. Thomas Thomaidis (partner – Magnesia Developmental Enterprise)

3. National level interviews

Mrs V. Kolyva (National Labour Institute officer at the time of the TEPs)
Mrs D. Gana (ESF desk officer at the time of the TEPs, currently responsible for the EQUAL Programme in the Ministry of Labour and Social Security)
Mrs A. Orologa (National Labour Institute officer at the time of the TEPs, currently advisor to the Minister of Labour and Social Security)

**National Report on the overall performance of the TEP
Programme:**

Spain

Prepared by: Ignacio Suarez, ECOTEC, Madrid

Section 1 - TEP PROGRAMME AS A WHOLE

Member State Context

- *Governance context and Strategic Fit*

Unemployment constitutes a major problem in Spain. The country has the highest unemployment rate in the EU, at approximately 12%. Although there have been substantial improvements in the last years, the national average is still far from the EU average (around 8%).

According to figures provided by the National Employment Institute, there are some areas of the country that are more severely affected by this problem than others. In the case of Spain, the areas selected to carry out a TEP include some deprived economies as well as unemployment indicators substantially higher than in other areas of the country.

As a result, the development of territorial employment pacts in Spain constitutes a priority in line with the previously existing common agreement between authorities and social actors on the necessity of implementing more ambitious initiatives in the employment field.

Another issue that should be mentioned is the complicated administrative structure existing in Spain. The Spanish model is a highly decentralised one, with increasing competencies for the regions in several fields. As far as the pacts are concerned, the 6 areas selected have different structures. The most specific situation can be found in Ceuta and Melilla, which constitute free standing towns with a small territory. The dynamics present in these two cities are substantially different in many ways from other regions of Spain. For example, these cities demonstrate a high level of integration between the local and the regional level. Therefore, governance structures are different from the rest of the regions of Spain. In the case of Catalonia, it should be mentioned that it has a higher degree of autonomy than the other 5 regions. Catalonia is also one of the most developed areas of the territory and in any case the most developed among the 6 regions concerned in this context.

- *Application and selection procedure adopted by Member States*

The application and selection procedure of the Territorial Employment Pacts to be developed in Spain followed two events:

- Firstly, the 1996 Florence European Council proposed to develop innovative measures to fight unemployment, based on the idea of the establishment of local consensus;
- Secondly, the European Commission presented a report on October 1996 that intended to clarify and settle the requirements for the development of several territorial employment pacts across Europe.

Following the EC's request to the different member states to propose some potential areas to develop these pacts, the Spanish central administration, through the Ministry of Labour, contacted the areas it considered would be most suitable for the development of a TEP. This selection was based on previous proposals that had been presented in the employment field, as well as on some other objective criteria for the selection of territories, such as:

- Unemployment rate
- Employment rate
- Workers affected by streamlining of the work force
- Opening of work centres

Once the invited areas presented their proposals, the Ministry of Labour, through the unit in charge of the management of the pacts (Management Unit of the European Social Fund), examined them, following the criteria that around 5 TEPs should be undertaken in each EU member state. During the selection, considerations of the respective organisations in charge of the ERDF (Ministry of Finance) and the EAGGF/FIFG (Ministry of Agriculture and Fisheries) was also taken into account.

The territories selected were the following:

- Vallès Occidental. This area has a high population density and is affected by industrial restructuring. Consequently, the area presents huge potential in terms of beneficiaries. It is also the only Objective 2 region selected for a TEP (the other Spanish TEPs were in Objective 1 areas)
- Ceuta / Melilla. These cities have some structural deficits and a very high unemployment rate in relation to the national average. Due to their specific geographical location, both cities are exposed to migration pressures and ethnic tensions.
- Bahía de Cádiz. one of the most deprived areas of the country with a high population density.
- Coal-fields of Asturias / Leon and Palencia. Areas affected by industrial restructuring.

After these areas had been selected, each of the local and regional authorities undertook some background research and formulated a working plan on the basis of the research. The next step was to sign an agreement that specified the role to be developed by each of the members of the partnership. The agreement also contained an action plan.

These agreements had to be approved by the steering committees of the programmes that presented some interactions with the TEPs. Therefore, the TEPs to be developed in the Objective 1 regions (all but Vallès Occidental) were approved by the steering committee of the Community Support Framework, while the TEP of Vallès Occidental was approved by the steering committee of the Operational Programme for Catalonia.

Once this approval had taken place, the EC was informed by Spain about the TEPs that had been selected. Finally, in December 1996, the Spanish Ministry of Economy and Finances and the Ministry of Labour proposed the selected territories formally to the EC. A short time after, the TEPs to be developed across Europe were presented in the Dublin European Council.

- *Policy and intervention context at the start of the Pacts and today*

It should be mentioned that in Spain there had been some initiatives prior to the development of the TEPs that presented similar components. A dialogue had already been started between the central administration and some regions to develop Regional Plan of Employment and Occupation. However, no specific policy initiatives had emerged from this dialogue.

In this sense, the TEPs did not constitute a completely innovative action in Spain. However, it contributed to the reinforcement and improvement of initiatives that had been undertaken previous to the TEPs.

In any case, some elements of the pacts had some influence on the programming of the period 2000-2006, as it incorporates some elements that were developed in the framework of the pacts:

These new developments in the programming exercise 2000-2006 are backed by several EC regulations that stress the necessity of a higher regional and local involvement in employment related measures.

Concerning the distribution of competencies, the situation is the following: In contrast to the situation in Europe, where the trans-national coordination corresponds to the organisations in charge of the ERDF, in Spain it is the Management Unit of the ESF (within the General Secretariat for Employment in the Ministry of Labour) that acts as coordinating authority for the territorial employment pacts.

The Management Unit of the ESF (UAFSE) coordinates relations with the departments of other ministries in charge of the management of the different structural funds: the Ministry of Finance (ERDF) and the Ministry of Agriculture and Fisheries (EAGGF and FIFG). In practice, each ministry is responsible for the funds under their own area of competence. Therefore, although programming was done on the basis of a bottom up approach, there was not an integrated (horizontal) analysis of the TEPs intervention.

In relation to the roles and responsibilities of the different administrative levels, the national administration is responsible for programming and strategy. The national administration has delegated to the regions the management responsibility for employment issues, with the exception of Ceuta, Melilla and the Basque Country. Finally, the local level has no responsibility in the employment area. The regional level is becoming increasingly important in this area, but its competencies are limited to management.

- *Attitudes of national, regional, local authorities and other actors towards the TEP Programme as a whole and towards specific Pacts*

In general terms, the attitudes of the authorities at the different levels were positive and most of them supported the idea of the pacts. Co-operation was established between the different levels of the public administration and no major problems were reported. Needless to say that the pacts raised much more expectations at the local and regional level, especially in those areas where no targeted employment interventions had taken place before.

As expressed above, the prior existence of a dialogue between central administration and the regions to develop initiatives in the same line as the TEPs resulted in familiarity with the issues that were being dealt with by the pacts. As a consequence, the pact idea was well received by the different levels of administration, although it was not seen as something completely new.

One of the most outstanding elements was the level of consultation between the different levels of authorities and social partners in order to determine the contents of the framework

of the pacts. As a result, there was an involvement of trade unions, business confederations and grass roots organisations.

In this sense, a common programming exercise involved the most relevant stakeholders of the territory.

OVERALL PACT PERFORMANCE IN THE COUNTRY

- *Extent to which Pacts met the 4 broad Programme objectives*

First of all, it should be outlined that the different TEPs financed in Spain respond to different circumstances. Therefore, the analysis of the performance of the pacts should be done on an individual basis and it is quite difficult to extract common conclusions that could be applied to all the pacts. As a result, the analysis presented in this chapter should be interpreted cautiously.

In general terms, the pact of Vallès Occidental is the one that has been most successful. This pact has widely met the ‘partnership’ and ‘bottom-up’ objectives. This was mainly due to the existence of a history of co-operation in the employment field. There existed a consolidated tradition of negotiation between labour and business confederations that has eased the implementation of the pact in general.

From a critical point of view, it could be said that this constituted the only region where the conditions were met for the development of a pact. In the case of the Vallès Occidental, the pact was not developed as a result of the existence of a huge problem in the area, but as a mechanism to improve the conditions of a region which is very important in an economic sense and has a huge potential to grow.

In the case of the pacts of Asturias and Castilla Leon, several efforts were devoted to meeting the above objectives. The pact of Castilla Leon was not very successful in terms of integrated strategy, innovation and impact on employment. There was no move to continue with the experience even if it presented some positive aspects. Concerning Asturias, there were some difficulties involving big businesses in the area and not many grassroots actors were involved. An integrated strategy was attempted and there was some direct impact on employment, but it was not very significant. Although the pact was not mainstreamed, some innovative elements of the partnership were transferred to the area’s new ‘Institutional Plan for Employment 2000-2003’.

In the case of Ceuta and Melilla, there were some local needs which led to the creation of the Pact in order to address them. It should be outlined that these autonomous cities present a very specific geographical context that makes their situation different to the others. In this way, the consecution of a pact between the relevant actors of the territory is easier in a limited geographical context than in other areas of greater dimension. In the case of Melilla, there was a wide partnership with many grassroots actors involved. The pact also piloted a ‘one-stop-shop’ approach for unemployed immigrants which was very successful. However, the pact did not achieve a substantial impact on employment and it was not mainstreamed. Concerning Ceuta, the results were positive in a different sense, especially the partnership and the impact on employment. This pact is the object of a case study below.

Finally, the pact of Cádiz has been presented with the most problems. There was no bottom up approach at all, and the partnership did not include all the relevant actors of the territory (the regional government was originally excluded). The pact was selected as a result of the pressure exerted at European and national level, which has proved counterproductive. Even though the area was seriously affected by the unemployment problem, the strategy developed constituted a duplication of activities and was not integrated.

In relation to innovative activities, it is difficult to determine the extent of innovation. As far as the pacts are concerned, some actions developed were complementary to other employment interventions while others constituted a duplication. According to some interviewees, the pact of Cadiz, for example, was not innovative and the plan of activities included some that had already been developed (i.e. previous YOUTHSTART projects) or were not relevant. They felt that the pact was approved as a result of political pressure and not as a consequence of a coherent and relevant plan of activities.

- *Added value of the working methods and actions adopted by Pacts*

The main added value of the pacts lies in their ambition to change unilateral approaches and involve as many relevant actors as possible. In principle, this has been the approach followed in most of the pacts through the idea of the establishment of a wide partnership.

The extension of the concept of a pact to decentralised areas, especially in the region of Catalonia, also represents added value. Institutions perceive better the necessities of their respective territories. As a result, several regions are already developing local employment pacts that follow the concept developed in the TEPs. Undoubtedly, the experience resulting from the pacts has influenced the generalisation of this approach.

- *TEPs Displacement effects in the territories where they operated*

The idea of the TEPs was promoted as a pilot experience with a very significant support from high level officials of the European Commission. According to a Spanish civil servant involved in the preparation stage of the pacts, the TEPs was an initiative promoted by Jacques Santer (former EC president). Initially, the idea was to finance this pilot with the surplus from other funds. However, this met with strong opposition from the Council of Ministers (member states) who considered that these funds could be redistributed among the member states or used for other purposes. As a result, the national and regional administrations had to look for other financial instruments to fund the pacts, which was not easy.

Finally, the TEPs were financed through regular financial instruments at EU, national and regional levels (structural funds; EC programmes; call for proposals at national and regional levels).

This resulted in a loss of interest on the part of Member States, and also caused displacement effects in relation to mainstreaming structural funds. As expressed in several parts of the report, the EC launched the TEPs as a pilot experience but did not have a strategy for the continuation of activities. In the case of Spain, the regions had to look for possible channels of continued funding and perceived it as poor knowledge of the local reality by the EC.

- *Employment and development impact*

It is difficult to quantify the impact of the pacts in terms of job creation. Even if this impact has existed, at least in Ceuta and Vallès Occidental. These issues are explained in detail in the case study of Ceuta. In any case, it can be said that the pacts have contributed to improving working conditions as well as to ease some government intervention. As will be seen with the case studies, there have been several additional benefits resulting from the TEPs.

From a developmental point of view, the main impact has been the adoption of the methodology of the pacts in different areas of the country.

- *Commentary on outcomes on the way to achieving employment and development outcomes*

The idea of the TEPs was interesting and relevant, especially in a country like Spain significantly affected by the problem of unemployment.

However, the implementation of this idea depends greatly on local circumstances.

- Rigidity and lack of flexibility which resulted in delays in implementation
- Poor knowledge of the local context on behalf of authorities responsible for programming (especially the EC): resulted in different impacts of the actions depending on the area (as the pact concept fits some territorial contexts better than others)
- The fact that the TEPs were developed as a pilot experience but were not accompanied by instruments looking at continuity resulted in poor sustainability of actions

In other words, the TEP idea presents a theoretic component that does not correspond to local realities. As a result, some rigidity and a lack of flexibility was made apparent in the preparatory phase. (i.e. in Ceuta: at EU level some conditions were established – that should be met in order for a project to be considered a TEP. Nevertheless, even if certain initiatives were already working as a TEP –in the sense that there was a local consensus to tackle relevant problems in the area-, they would not receive consideration if they did not meet the conditions). This delayed the implementation of activities as these could not take place until those interventions were formally considered a TEP. In the case of Spain, all the regions except Catalonia were affected by this delay.

Another component of the TEPs that should be improved refers to the necessity of developing an integrated approach. In order to find solutions to the unemployment problem, it is necessary to improve social conditions (i.e. labour market inclusion should be accompanied by social inclusion). This integrated approach is normally followed in the case of the ‘Community initiatives’. As the Vallès Occidental pact was developed following this model, the pact was able to follow to some extent this integrated approach.

- *Problems/obstacles faced*

Once again, it is difficult to make overall statements on the problems faced by the ensemble of the pacts. Some of them have already been expressed above (lack of flexibility during the implementation phase; problems determining financing sources; limited capacity at the local level).

The most significant problems were faced by the pact of Cádiz (See above). The pact was developed as a result of the pressure exerted at European and national level, even though the proposal involved a duplication of existing activities.

Another issue raised during the interviews was the fact that the present evaluation is taking place with a significant delay and will not be able to influence the following programming period. The present evaluation is not included in the programming exercise for the period 2000-2006, and several interviews at national level and in the framework of the case studies argued that it should have been, for reasons of continuity.

Sustainability, Mainstreaming and Multiplier Effects

- *Mainstreaming in SFs 2000-2006*

The impact of the pact experience has been quite limited in terms of its adoption by the national administration in mainstreaming SF programmes. The methodology, although held in high regard by the national, regional and local authorities, has not been included in the Operational Programmes. Only some Regional Operational Programmes (ROPs) refer to it (e.g. Objective 2 ROP for Catalonia), but in an ambiguous way (even if they mention it, they do not include specific budgets in the operational programmes to support the pacts).

In any case, the position of the regions is diverse. Although in general they have not included specific budgets to support the pacts in the operational programmes, some of them show a certain predisposition to finance projects based on the methodology of the pacts. Among them, the highest commitment is shown by Catalonia, which intends to extend the pact methodology to the whole region with a 50% co-funding from the Objective 2 Operational Programme. Andalusia has also applied a methodology to organise its territory in different pacts through the use of different indicators.

A possible reason for this poor response could be the fact that the timing of the development of the SPD and the conclusion of the pacts coincides. As a result, the evaluation of the TEPs results could not be taken into account in the SPD's development. Therefore, the national administration did not retain the methodology and decided that it would leave it to the regions to decide the approach to be taken towards the pact. One of the effects that this had was the reallocation of some of the pact projects to other initiatives like EQUAL, LEADER or URBAN, in view of these programmes' higher commitment in favour of the pacts.

- *Other replication and Multiplier Effects*

In spite of the above-mentioned considerations, the pact methodology has raised some interest at the different administrative levels. For instance, Catalonia is becoming increasingly committed to the pact methodology, as shown by the approval of a second action plan of the territorial employment pact. Moreover, there have been several regions that expressed their interest in the pact methodology and are exploring the possibility of developing this initiative in their territories. For example, some regions (e.g. Almeria) contacted and visited the authors of the Vallès pact to explore the possibility of developing this methodology in their territory.

The pacts also present several components that could have lasting and multiplier effects. The positive experience resulting from most of the partnerships established has contributed to the achievement of a wide consensus at local level, which could constitute the basis for more ambitious developments in the future.

In addition, the pact has established the basis for the definition of a new territorial model for intervention that is essentially decentralised, integrated and participatory. This should be accompanied by the establishment of a real vertical cooperation among territories as well as by a higher commitment from public and private funds. In any case, the pacts have evidenced the necessity to increase competencies and financial capacity at the local level.

Another outstanding effect is the consolidation of the diagnostic concept. It seems that the different authorities have acknowledged the necessity of designing actions according to local needs, which involves the necessity of developing assessments and background research.

In any case, most of these multiplier effects should be regarded on a medium / long term basis. Basically, the pact methodology involves the definition of a new territorial model based on higher participation at the local level. This process requires several changes and a consensus among actors of different political orientations and administrative levels in very sensitive areas. In this sense, the pact contributes indirectly to raise the profile of discussion around the necessity of developing a new model of territorial intervention.

- *Necessary conditions for Sustainability*

It could be said that the main obstacle to the pact's sustainability has been the ambiguous position of the public administration at different levels (European, national and regional):

- The little assistance from the European Commission to 'its' pact methodology. The TEPs were launched as a pilot experience but found themselves without continuity once they finished. The EC should have developed a more integrated approach based on more ambitious criteria of sustainability.
- The poor involvement of the Management Unit of the ESF, which delegated responsibilities to the regions and has not developed financial instruments for higher sustainability.
- The lack of interest from most of the regions, which have not included these actions into their operational programmes.

As a result, it could be said that the relaunch of the pact experience requires co-ordinated action and support by the European Commission (DG Regio, DG Employment), and its counterparts in the public administration of the member states.

The lack of involvement of the financial sector in the promotion of the TEP initiative should also be mentioned. The financial institutions should play a more active role in improving of the conditions of the territories where they are established. To a minor extent, this also applies to the business sector. Improving conditions of the territory does not constitute an exclusive responsibility of the public administration, but also of those institutions that are established in the concerned territories and take part in its productive structure.

- *Lessons learned*

The overall assessment of the pact experience in Spain is that its impact was modest. Among the 6 TEPs financed in Spain, the Vallès Occidental and Ceuta are those that have achieved the most positive impact (especially Ceuta). The pacts of Castilla Leon, Asturias and Melilla present more modest results, and the pact of Cadiz has faced serious conflicts and difficulties. As a result, it is difficult to draw common conclusions for all the pacts.

In any case, most of the pacts have had positive results as concerns Partnership. This has led to the establishment of a consensus among social actors and local authorities that could have lasting effects in the future.

The reasons for this unequal assessment is mainly the different character of the regions selected: different levels of development (Objective 1 or 2); different territorial context (regions; municipalities; autonomous cities); the diverse quality of the partnership (existence of a previous background of co-operation or not; degree of commitment of the regional or local administrations).

These factors have led to difficulties in the integration of the different pacts as well as in the dissemination of the experience.

However, the positive experience of some regions constitutes evidence of the value of the pact methodology as well as its potential to be replicated in other areas. As expressed by several local partners, once you experience the pact methodology it subsequently is difficult to organise the work any other basis!

The pact also shows the necessity of prioritising common interests over political alignments and individual interests. This concept should be reinforced in the future.

From an institutional point of view, there is a need for higher support and commitment from the public administrations at different levels. As a result, it is necessary to improve the channels of communication among the different administrative levels so that there is a better perception of local needs. Once again, this point connects with the necessity of increasing competencies at the local level. The almost complete process of decentralisation from the national to the regional administration should continue in favour of the local administration. This constitutes a logical development of the system.

The pacts have also evidenced the necessity of developing a wide approach towards labour market interventions. The promotion of employment opportunities cannot be achieved without the promotion of the economic development of the territory.

Finally, there is a lesson that results from this evaluation itself. The evaluation of programmes or activities should be integrated into the programming process so that its recommendations are taken into account for the next programming period. In the case of the present evaluation, mainstreaming programming for the period 2000-2006 has already taken place. This constitutes a very serious mistake that competent authorities for programming should absolutely avoid in the future.

Section 2 - CASE STUDIES

This section is devoted to the presentation of the two case studies selected for Spain: Ceuta and Vallès Occidental. Both case studies follow the same structure and are connected with the first section.

➤ TEP CEUTA

1. The Background to the Pact:

Spatial context

Ceuta constitutes an autonomous Spanish town located in the Northwest of the African continent, bordered by Morocco and the Mediterranean Sea. The city has a population of 73,000 and a perimeter of 21 Km, of which 14 Km is coastline and 7 Km the border with Morocco. The city is classified into 'Islands and Enclaves' according to its own clear geographical basis.

From an administrative point of view, the city has the status of a region and is included among the Objective 1 regions of the Structural Funds.

The autonomous city is mainly urban. The population density is high and there is high immigration pressure- 30% of the population is of northern Moroccan origin while the rest of the population is of continental Spanish origin. In addition, there are small Jewish and Hindi populations. Around 35 % of the population is Muslim confession. 50 % of the population is under 25 years old.

Ceuta's spatial context influences all the aspects of city. The fact of being an enclave within Morocco and its isolation from the European continent result in a very specific situation characterised by ethnic tension and exposure to the dynamics existing in Moroccan areas around the city.

Economic characteristics of the Territory

The territory's economy presents some characteristics that can be found in developing countries economies: excessive dependence on trade and on the public sector.

There are several problems that must be addressed in the territory:

- Need for structural changes: There are some geographical problems like its offshore location, small area, lack of basic resources (water; energy), or the fact of being an EU external border with Africa, that constitute an obstacle to the development of the city.
- The end of the traditional economic model of the city: the economic model was based on the free trade character of the city and more particularly on transborder trade with Morocco as the final destination. As a result, the city presented a privileged trade position in an environment based on protectionism. However, Spanish EU accession in 1986 brought tariff dismantling as well as the progressive liberalisation of

world trade. Consequently, the city lost its ‘free trade’ privileges, which resulted in an economic crisis especially harmful in terms of unemployment.

- Unemployment and the inclusion of disadvantaged groups in the labour market: As described below, unemployment constitutes a huge problem in Ceuta. Taking into account the young character of the population and the existence of different ethnic groups, some sectors of the population are especially disadvantaged (young people; unqualified Muslim ethnic groups) and need to be included in the labour market.
- The need for business restructuring: as a result of the end of the city’s traditional economic model, the city has had to look for new areas of business diversification in order to establish a new model that should also reduce the excessive dependence on the public sector (which currently employs 30% of the population).

Labour Market Context

Ceuta presents significant problems in terms of unemployment and labour market structure. There is a tight labour market where demand is higher than supply and where some groups have significant difficulties in accessing the labour market. The labour market context is also governed by the following factors:

- According to the last survey, the unemployment rate is close to 30 % of the active population. This rate is 8 points higher than the national average and constitutes one of the highest in the whole EU.
- Long term unemployment (over 18 months) represents 30 % of the total. In addition, unemployment among the young is also quite significant, especially due to a lack of training and in some degree to illiteracy.
- Social tension: the existence of particularly vulnerable groups located in deprived neighbourhoods and with a substantial ethnic component.
- The end of the city’s traditional economic model and its geographical constraints

Employment policy and intervention context

In 1995 a significant decline in the trade sector of the city began, which resulted in a 40% decrease in terms of GDP and employment. The crisis worsened in 1996 with the drastic reduction of trade transactions with morocco. As a result, there was a decrease in income from trade. The crisis affected the two pillars of the local economy: the trade sector and the local public sector.

As a reaction to this (see also economic and labour market context above), the most relevant local actors (political parties; business confederations, business and neighbourhoods associations), with the support from the local and national administrations, created the ‘*mesa de la crisis*’ (crisis forum) in order to look for medium and long term solutions to the economic crisis of the city.

As a result, in May 1996 the ‘Plan for Economic Recovery’, was approved, a protocol that brought together some lines of action and agreements:

- In the short term, to look for solutions to reduce the high unemployment rate and the crisis in trade and the public sector;
- In the medium term, the design of a new economic structure looking at reaching national and EU levels in terms of income, employment and public services.

The agreements reached were established later in the ‘Strategic Plan for Ceuta’. This plan constituted the basis of the Territorial Employment Pact of Ceuta, as it comprised the strategic sectors that would be later included in the pact.

However, it should be mentioned that Ceuta does not possess powers in the field of employment policy. These belong to the national administration.

Consequently, before the pact, no major focus was placed on employment policy at local level. Apart from the common initiatives implemented in this area (INEM activities– National Employment Institute -), the only employment policy developed were those financed in the framework of the European Social Fund. These looked at the promotion of open-ended contracts, self-employment and lower unemployment rates. In any case, these policy were not as specific nor addressed to certain target groups in particular, as was the case with the pact.

In conclusion, it could be said that it was the framework created by the ‘Strategic Plan for Ceuta’ as a reaction to the economic crisis that established the basis for more ambitious employment policy and that resulted in the creation of the territorial employment pact of Ceuta. The Strategic Plan, together with the protocol and the ‘mesa de la crisis’, also had as one of its most outstanding components the creation of a solid partnership that would be maintained later on and that still persists today. The partnership not only worked in the framework of these forums but also in the Steering Committee of the ESF, and later on, as the management committee of the TEP. This consolidated partnership brought together all social partners and local institutions, worked on the basis of consensus, and constituted the core mechanism for the implementation of measures not only in the field of employment but also in all the sectors of interest of the autonomous city of Ceuta.

Governance context and Strategic Fit

As already mentioned, employment policy is a competence of the central administration that has not yet been transferred to the autonomous town of Ceuta. Therefore, the central administration, through the National Employment Institute (INEM), holds the main responsibility in relation to programming and management of employment policy.

In the case of Ceuta, taking into account its autonomous character, it should be mentioned that the regional and the local level are the one. The Regional Department for Economy and Finances is the organisation responsible for employment interventions in Ceuta, although submitted to the policy guidelines determined by the central administration.

Currently, the transfer of employment competencies from the central administration to the city of Ceuta is being negotiated. However, this process is not likely to be finalised on a short-term basis and estimations point at 2004 as approximate date for the final transference.

The pact of Ceuta was established and administered at subregional level (local/municipal). Taking into account the significance of unemployment and the scarce initiatives previously existing in the field of employment, the pact was established without problems in the governance structure.

In relation to the partnership, a consolidated structure of co-operation involving the local authorities and social partners existed already. This partnership was created in the framework of the previous initiatives tackling the problems of the city (See above ‘Strategic Plan for Ceuta’; ‘mesa de la crisis’; ESF Steering Committee), and has persisted with the TEP Management Committee. So far, the partnership represents one of the most successful elements of the pact. The different authorities and social partners agreed on the importance of unemployment in the city as well as on the necessity of developing more ambitious and co-ordinated initiatives in this area. As a result, in spite of the different character of the actors involved in the partnership, decisions have always been taken by consensus and no major disagreements have been reported in the framework of the pact. Moreover, the partnership has survived changes in the local government in a territory with a very complex political and religious background.

In this sense, no substantial institutional capacity building was needed to mobilise local actors, who were already aware of the importance of unemployment of Ceuta and agreed on the necessity of implementing actions in this area.

Application process

The Florence European Council raised the possibility of developing a pilot experiences in the field of employment based on the idea of consensus among local actors. Following a process of consultation among the European Commission and the member states (See Section 1), a ‘Communication on the implementation of the Territorial Pacts’ (CSE 97/3), that brought together approximately 80 proposals presented by the member states and approved by the EU on the 10 June 1997.

As explained in section 1 of the report, the selection of territories in Spain was done on the basis of a needs assessment and more particularly taking into account some objective criteria based on employment and economic indicators: unemployment rate; occupation rate; creation of job centres; workers affected by regulatory employment mechanisms.

This resulted in the establishment of the 6 territorial employment pacts in Spain. Taking into account the Spanish institutional framework and the variety of situations that can be found, it was difficult to determine the basic working criteria. As explained above, it was decided to integrate the action plans of each of the areas in a single Operational Programme for the pacts including regions eligible under Objective 1 (All except Vallés Occidental). Therefore, the Ceuta pact was integrated into the Operational Programme of the Territorial Employment Pacts (POPTE)

Following contacts established with the national administration, the promoters of the pact of Ceuta developed an Ex ante evaluation and a definition of the objectives to achieve. This resulted in the formulation of the action plan of the territorial employment pact of Ceuta.

In the case of Ceuta the idea to apply came from the local government, who prepared (through the management unit taking charge of structural funds proposals – PROCESA) the proposal that would be selected afterwards. Thus, the pact of Ceuta was designed following a bottom up approach and trying to tackle the most problematic employment issues of the city: unemployment and the exclusion in the labour market of marginalised groups.

2. Direct outputs and results of the TEP

Pact mission

The key mission of the pact was twofold:

- In the short term, to look for solutions to reduce high unemployment and the crisis in the trade and public sectors, including the inclusion in the labour market of marginalised groups;
- In the medium-long term, the design of a new economic structure looking at reaching national and EU levels in terms of income, employment and public services.

Scale and operation of the pact

The pact was composed of 5 overall actions that included more specific activities:

- Action 1: Higher utilisation of available human resources through professional training in activities with perspectives to grow substantially in the future;
- Action 2: Modernisation and reform of the trade structures linked to the preservation of employment in this sector;
- Action 3: Support to self-employment initiatives and to the social economy in the field of aquaculture;
- Action 4: Local development initiatives targeting gaps in the coverage of civic and social services;
- Action 5: Contracting works of common interest, especially in marginal areas presenting high levels of unemployment.

The pact intended to benefit the whole population of Ceuta (73,000 approx.) by providing the basis to solve the problem of unemployment in the city.

Taking into account the relevance of the area of intervention, there was a clear understanding among the actors involved of their mission. As expressed, this was translated into a solid co-operation that was supported by an extremely positive response from the target groups.

Extent to which Pacts met the 4 broad Programme objectives

- Bottom up approach

The bottom up approach was respected at all stages of the pact. The pact was designed according to the local needs previously identified and there was neither interference nor

conditions imposed by other administrative levels. Therefore, all the relevant local actors were involved in the design and implementation of the pact.

In addition, there was a real involvement of the main grass roots organisations (i.e. Federation of Association of Neighbourhoods, involving several target groups) in the consultations, development and design of the specific measures. This involvement was sustained over time following the previous successful experiences of the partnership.

As a result, it can be said that the pact was relevant to the local context and took into account the local needs existing in the employment field.

- Broad based partnership

The partnership created existed already in the framework of the forums established to tackle the economic crisis of the city (See above). In order to achieve decentralisation, it was decided to reinforce the partnership with the incorporation of the Federation of Association of Neighbourhoods. This would provide the pact with a higher legitimacy in terms of representation of the target groups involved (This federation brings together 54 associations and represents around 60,000 people).

The partnership had already some experience in employment related areas. However, it could be said that it performed a new function in the sense that previously it was only a consultative organisation while with the pact it developed a wide range of measures.

The partnership was composed of the most relevant authorities and social partners of the city, and membership was open to any organisation:

- Local government: Regional Department for Economy and Employment;
- Government bodies: Regional Directorate of INEM (National Employment Institute; Regional Directorate of Employment);
- Private sector: Business Confederation of Ceuta; Chamber of Commerce and Industry of Ceuta;
- Business confederations: UGT; CC.OO;
- Other: Regional Federation of Neighbourhood Associations.

Despite the wide representation of local actors, at a later stage the Pact was perceived as under-representing women. This has been corrected and women are already represented on the Management Committee of the integrated Operational Programme 2000-2006.

With some differences resulting from the compromises acquired in the framework of the partnership (See below), all the partners were equally involved at all the stages of the action plan. During the needs assessment, the partners tended to promote the interests of the collectives they represented. Concerning the implementation stage, the involvement of the partners was different depending on the measure that was being implemented. In any case, most of the decisions were taken by consensus and no problems were reported in the framework of the partnership.

The main forum of discussion was the management committee of the pact. In addition, there were several bilateral and informal meetings that served as additional channels of information and communication.

The partnership was established on a formal agreement signed by all the partners on March 1997. Apart from the general agreement to develop a co-ordinated action in areas related to the pact, each partner assumed the following specific compromises:

- The local government would contribute with 2,181,673 Euro and would be in charge, of the co-ordination and secretary of the pact, including administrative and financial management delegating to PROCESA.
- The Regional Directorates of INEM and Employment would be responsible for the implementation of measure 1.
- The business confederations would inform the potential beneficiaries of the pact of the advantages of participation. In addition, they would co-operate to maintain the social stability necessary for the implementation of the pact.
- The Chamber of Commerce and the business confederations would contribute 811,366 Euro to actions devoted to improving and modernise trade structures, as well as promoting aquiculture activities. In addition, they reached an agreement to preserve employment in the sectors participating in Measure 2 and to subscribe to agreements to carry out training in parts of the city (Measure 1).
- Finally, the neighbourhood associations would implement actions 4 and 5 (those referred to citizen's civic services) through their involvement in the selection process of projects, personnel and basic works of common interest in deprived areas.

The main benefit derived from the pact partnership was to reinforce a previous framework of co-operation involving the most relevant local authorities and social actors in areas where common needs were identified. As a result, this forum would be legitimised to take decisions of common interest for the citizens as the partnership represented the main sectors of the population. Therefore, the benefits derived from the partnership would apply to all the levels and sectors of the city. Proof of this lay in the high response from the population, which got quickly involved and interested in the pact.

Finally, the existence of some difficulties related to changes in the government at local level should be outlined. During the implementation phase of the pact, a controversial party defending populist positions (GIL) reached power. This generated some dissatisfaction among the business confederations. However, tensions were finally overcome, which constitutes evidence that the existing consolidated partnership prioritised common needs over individual interests.

- Integrated strategy

The pact presented an integrated strategy based on local needs. It could however be said that more focus was placed on the demand than on the supply component. Therefore, among the two main objectives pursued (reducing unemployment; reducing the exclusion of marginalised groups from the labour market), priority was given to the second. Thus, it was considered that the most important element was to provide these groups with training and to make them feel integrated in the labour market and the society.

The pact also intended to match supply and demand factors. Therefore, training was supplemented with employment opportunities in several local businesses with the aim of achieving a greater impact.

- Innovative elements of Pact's activities and working methods

The pact presented several innovative components. The most outstanding element is the development of specific activities focusing on socially marginalised groups. Previously, initiatives to fight against unemployment were developed on a general basis and not on the basis of the needs of a certain group. Although not foreseen, the extremely enthusiastic response from the population resulted in a high visibility for the pact.

The pact also represented a new way of managing the ESF. From a procedural point of view, the fact that the management committee of the pact had the power to enforce decisions represented a new development. Previously, the partnership had to consult the ESF steering committee.

In addition, the pact presented innovative elements among the 5 actions developed:

- Action 1: The businesses taking part in the pact organise training activities according to their own needs, which resulted in better inclusion of target groups inside these firms. In addition, the pact conditioned the participation of these firms to the conclusion of contracts with workers that had successfully completed the training period; Action 1 has been selected by the European Commission to take part in the code of good practice;
- Action 4: Creation of cleaning teams to cover the areas that municipal services did not reach;
- Action 5: the selection of personnel to develop works of common interest is done by the neighbourhood associations according to criteria of proximity; workforce is given priority over the effectiveness of the works (i.e. a 75 % of the funds are devoted to workforce while the other 25% to machinery and infrastructures), which does not correspond to the current trends of the labour market.

These elements were identified according to the local necessities. Although the pact co-ordinator was not able to determine if these initiatives have been developed in other regions, he assured that it was the first time that it was done in Ceuta.

Finally, it can be said that these innovative elements satisfied both the citizens and business, which has resulted in the establishment of wider objectives regarding the future.

3. Pact's specific objectives and progress (relevance of approach to local context)

In general terms, the progress of activities against objectives and timetable was satisfactory. The main factors for this success were the consolidated partnership and the high response and involvement from the population.

The selection of the pact objectives and target groups was done on the basis of the research undertaken in the labour market. According to the results of this evaluation, the management

committee of the pact, with an equal participation of all the members of the partnership, proceeded to the definition of the main objectives.

Concerning the results of activities, the impact of the pact can be considered as quite positive. The pact benefited 705 workers with the following distribution depending on the measure: Action 1 – 167 workers; Action 2 – 150; Action 4 – 177; Action 5 – 211. The pact also contributed to increased understanding, collaboration and participation between the public sector, the business sector, trade unions and neighbourhood associations. Moreover, at the conclusion of the pact, actions were continued in order that the measures implemented by the pact would produce the pursued structural change in the city. The continuation of actions has been mainly financed under the integrated Operational Programme for Ceuta 2000-2006.

However, there were some unexpected developments during the progress of the pact.

Firstly, the activities implemented in the framework of action 1 did not achieve the planned objectives. In this way, 40% of the budget under this heading was not spent. This resulted in the launch of a new call for proposals without significant success.

Secondly, there were some modifications in the framework of action 3. In November 1999, the management committee requested the modification of the programme to retire the activities devoted to the implementation of a unit of aquiculture fattening. The reason for this was the uncertainty and dissatisfaction with the activities implemented in the framework of action 3. As a result, taking into account the success that action 4 was achieving, it was decided to transfer some of the funds from action 3 to action 4. Therefore, this unexpected development was successfully overcome with a shift of funds in favour of the measure that was working better.

Thirdly, some of the targets were exceeded in the achievement of objectives. In the framework of actions 4 and 5, the pact established a system of rotation among the workers selected for job placements (350 workers) with the aim of reaching as many beneficiaries as possible. However, this system of rotation was not respected for reasons of a different nature, mainly disagreements among the beneficiaries. In order to reduce the negative effects for the above-mentioned workers, the conclusion of the pact lent some continuity to these actions (preserving the employment of the 350 workers) with the integrated Operational Programmes for Ceuta 2000-2006. However, once these funds were finished, the workers found themselves without a job, which has resulted in some public demonstrations carried out by workers demanding a solution. The local government has showed clear signs of commitment to solve the problem (100 of the 350 workers have already been allocated positions), but the workers demand a solution for everyone.

It should be outlined that the 350 jobs created in the framework of actions 4 and 5 were temporary. The idea was to provide these workers with some professional experience so that they would be more qualified to find an occupation in the private sector afterwards. In this sense, the only fault of the local government was the fact that the workers did not perceive that these jobs were created on a temporary basis. This misunderstanding has obliged the local public sector to provide permanent jobs to these workers, something that should have been done in the framework of the private sector. It seems that a specific employment plan has been approved to tackle this situation, but its practical implementation remains uncertain.

In conclusion, this result should be considered as an unexpected event. Although the local government should have taken into account this risk, it is clear that they have acted in favour of the interests of the population and more particularly of the workers affected. Evidence of this is the fact that they tried to look for solutions once the pact was finished (without been programmed in the pact) and that they continue to do so.

4. Indirect outputs and results relating to employment and economic development

NB. The pact co-ordinator and partners were not able to provide figures on most of the epigraphs below as these data were not available. The box on employment outputs refers to some of these questions. Therefore, the present section is limited to the description of employment outputs and results as well as to monitoring and evaluation.

Employability

Entrepreneurship

Adaptability

Equal opportunities

Removing barriers and creating new sources of jobs

Job creation

Employment outputs and results

The pact has had a quantifiable direct impact on employment: 705 workers have benefited with the following distribution depending on the measure: Action 1 – 167 workers; Action 2 – 150; Action 4 – 177; Action 5 – 211.

According to estimations, the pact has created around 415 jobs per year. Employment created by the pact in 1998 is equivalent to 0.67% of the all local employment, while in 1999 this figure was 1.29%.

Although the direct job creation was limited to 705 jobs (among which 589 remained 4 months after the conclusion of the pact), the pact has constituted a framework under which the overall situation of the labour market has improved.

In relation to the situation of the labour market at the end of the pact, there is significant improvement in terms of job creation and a slight increase in the levels of unemployment in relation to 1999.

According to data provided by the National Institute of Statistics, the active population in Ceuta has increased substantially between 1998/99 and 2000/01 (from an average of 29,100 people to 32,400 – an increase of 11%). The number of employed people has increased from 21,300 in 1998/99 to 24,200 in 2000/01 (net increase of 2,900 people or 13.61%). Therefore, the economic activity rate has increased from 52.46% in 1998 to a 56.18% in 2001 (almost 5% more than the national average). This increase of the active population is due mainly to the incorporation of women into the labour market (3,200 women entered in this period versus 200 men).

On the other hand, the official number of unemployed has grown by 4.46% between 1998/99 and 2000/01. However, according to the above-mentioned indicators, the unemployment rate has decreased by around 2% from 1998 to 2001. Although this figure constitutes an outstanding achievement, it is far from the national average (National unemployment rate is 13% while in Ceuta is around 24%). Taking into account the gender component, unemployment rate in 2001 was of 15% for men (20.4% in 1998) and 39.7% for women (35.4% in 1998).

In comparison with 1996 data, the situation is better in general and for men, while worse among women. The under-25s population has experienced a wide variation in unemployment rates (decrease of 34.5% from 1996 to 1999 and increase of 23% from 1999 to 2001). By sector, the best results have been achieved in the construction sector.

Actions	Employment created	Full time	Part time	Wage levels	Open ended contracts	Fixed term contracts	Employment maintained 4 months after the pact
Action 1	167	165	2	1 st stage: 75% minimum wage 2 nd stage: sector collective bargaining	20	147	51
Action 2	150	150	0	Trade sector collective bargaining	75	75	150
Action 4	177	177	0	Specific collective bargaining	0	177	177
Action 5	211	211	0	Specific collective bargaining	0	211	211
Total	705	703	2		95	610	589

Monitoring and evaluation

The management committee, particularly PROCESA, the body in charge of the pact's management, monitored the pact.

Monitoring, collection and analysis of information has been done on a different basis depending on the measure:

- Action 1: quantification of contracts signed between the workers and training providers. Providers were only financed in later stages if they signed contracts with employees in the training period.
- Action 2: evaluation of training providers and certification that jobs were sustained.
- Action 4: monitoring through examination of correspondent certificates.
- Action 5: monitored by municipal experts and personnel from PROCESA.

The pact was also the object of an interim evaluation by a consultant firm (GEDESA). No other evaluation of the pact is planned to date.

The interim evaluation drew the following conclusions and recommendations:

- There is a significant delay between the development of the initial document and the official approval of the pact at local level (Official approval took place in March 1999 while the period of eligibility began 26 January 1998). As a result, the impact of some measures designed according to the necessities of the moment was reduced.
- The pact was approved comprising 6 actions, however only four were ultimately implemented. Action 3 was not finally implemented but it is considered that this was justified according to the existing framework. However, taking into account the importance of this sector of activities for the future, it is recommended that actions in this area are developed in the programming period 2000-2006.
- The action achieving the greatest success was action 2. Initial targets were exceeded.
- In an environment where the public sector is omnipresent it was perceived that there was a certain lack of motivation for the creation of 'social economy firms'. The public sector constitutes the reference for most job seekers, which discourages the development of private initiatives among target groups.
- Despite the minor obstacles discussed, the overall result of the pact was positive. The pact has contributed to training people, to stimulate a wide participation from local institutions and social partners and to create employment.

5. Additional benefits of the TEP

Apart from the direct and indirect results mentioned above, the pact has produced some other additional benefits.

The pact has influenced to some extent the employment policy framework. However, it should be taken into account that the main guidelines of employment policy are developed at EU and Member State level.

Although the pact has not been sufficient to solve the problem of unemployment in Ceuta, it has established the basis for more ambitious developments in the future and has contributed to improving economic and social cohesion in Ceuta. Taking into account the wider impact of such an initiative in a limited territory like Ceuta, the pact has introduced some changes in the main lines of employment policy at local level.

In this way, some of the actions financed under the pact have continued with funding from the following axis of the integrated Operational Programme ESF/ERDF:

- Action 2.2.10 (works of common interest) continues with funding from axis 5.1 (ERDF).
- Action 7.4 (Job creation in proximity services) continues with funding from axis 5.6 (ESF).
- Action 7.4 (Specialisation in strategic services) continues with axis 4 (ESF).

In addition, the pact has established the basis for the development of three employment plans for Ceuta (2000/2001/2002) to give continuity to actions financed under the pact. These pacts are mainly based on the TEP concept although introducing some changes (i.e. incorporation of women).

From the perspective of the population, the pact (based on a real bottom up approach) has contributed to raising awareness among the people (and also in the central administration) of the importance of the unemployment problem in Ceuta. Nowadays, the population is more familiarised with unemployment initiatives implemented at the local level, in relation to which they are potential beneficiaries. The pact has also influenced the press, which has made an extensive coverage of the pact contributing to higher visibility.

In addition, the population has been benefited by the pact in different ways: some socially marginalised groups have been integrated into the labour market and have received training; the city has also seen its unemployment rates reduced in relation to previous levels; several works of public interest have been conducted; the Federation of Neighbourhood Associations has been included in the partnership; alternative solutions have been proposed.

Finally, the pact has reinforced a partnership involving the most relevant local authorities and social actors. This partnership is likely to continue in the future, working in favour of the interests of the city.

6. Management of Pacts

Roles of key stakeholders involved in the implementation and management of the TEP:

- Efficiency of managers/sponsors

The pact was efficiently managed at the different levels, based on a consolidated partnership that has always worked with consensus. More particularly, the management organisation (PROCESA) was a very appropriate body to take charge of the implementation of the pact. It is a quite experienced organisation in EU fund management (it manages all the structural fund programmes in Ceuta) and possesses significant technical capacity. As a result, it was not considered necessary to create a specific management structure, as it is the case with other pacts (Melilla).

The pact co-ordinator was replaced during the implementation of the pact, due to the fact that the first co-ordinator left for a new position. The transition took effect without problems and the pact co-ordinator worked very well throughout the pact. The pact co-ordinator had a good relationship with the different partners and was communicated with them on a regular basis.

In general terms, there were no problems with the management of the pact.

- Attitudes of other actors/agencies towards the Pact

Communication and co-operation with other actors was correct. At the local level, there was a wide consensus to look for common solutions to unemployment that avoided conflicts or

problems. At the national level, there were good relations with counterparts in the national administration that participated as previously agreed.

- Support from Commission rapporteur

Apparently there was no visit from the Commission Rapporteur to Ceuta

- Role of EI2000 national experts

The relations established with the national experts were very good. The national experts visited Ceuta on a regular basis (each 4/5 months) and provided some guidance on how to develop certain activities. The experience was quite positive as the expert informed on practices followed in other places.

- Overall assessment of management structures and procedures

As already mentioned, the management structures and procedures worked quite well and no major problems were perceived. This was due to the relevance of the problem that the pact intended to tackle, which resulted in a high consensus among all the actors involved in order to look for common solutions to this problem. Some obstacles appeared during the pact implementation stage (See Point 3 above), but these were not a consequence of management structures and procedures.

Pact resources:

- Institutional and human resources levered in

It was not considered necessary to create any organisation specifically responsible for the management of the pact. The autonomous city of Ceuta already had an experienced organisation in charge of the management of EU structural funds (PROCESA). PROCESA brought together all the partners to achieve successful management. Therefore, around 20 people from PROCESA took charge (periodically and according to the workload resulting from the management of other programmes) of the management of the pact. Once the pact concluded, most of the institutional actors agreed that this approach was the most appropriate. It was considered that the creation of a specific management structure could raise problems of sustainability afterwards in the sense that it would be necessary to allocate more resources for this structure to persist. This was the case with the management of previous EU programmes (LIFE), where a specific office was created.

The useful support received from the national experts that monitored the implementation of the pact periodically should also be mentioned.

- Financial / Additional resources levered in

The funding sources of the pact were the following:

EU Funds:	6,463,176 Euro
Public Sector Funds:	2,153,714 Euro
Private funds:	1,456,737 Euro

Total Funds: 10,073,627 Euro

The EU technical assistance funds were used to finance the following elements:

- Studies and reports (Intermediate evaluation; labour market background research)
- Promotion activities (Brochures; Video; press advertisements)
- Missions

The pact has also contributed to the leverage of some additional financial resources in the field of employment.

Indirectly, the pact had a catalytic effect in the sense that it established the basis for the development of three specific employment plans for Ceuta (See above). In addition, as already mentioned, the continuation of some of the actions comprised in the pact was financed under the integrated Operational Programme 2000-2006.

▪ Cost-effectiveness of the Pact

According to the different people interviewed, the pact was more cost effective than mainstreaming structural assistance in the area. The measures implemented under the pact proved to have a larger direct impact as a result of the specificity to the problem, the response of public opinion and of the concentration of activities. More specifically, the impact was higher than the policy promoted by the National Employment Institute and the activities implemented under the ESF Operational Programme 1994-1999.

The only displacement effects resulting from the TEP intervention was the funding devoted to continuation. However, in general terms, this displacement was insignificant.

7. Dissemination and networking activities

The pact had foreseen the development of a dissemination plan addressed mainly to the target groups. However it was not finally developed. The reason for this was that dissemination of the Pact's activities among the public took place by itself. This was due to the importance of unemployment for the whole city and to the limited geographical context of Ceuta, which favours a wide and relatively quick dissemination of activities.

In any case, some dissemination activities took place through logos, brochures and videos. It should be mentioned also that the pact received a wide coverage from the press before, during and after the implementation of the pact.

Concerning networking activities, some exchange of experience took place with the territorial employment pact of Melilla, another autonomous city presenting a similar characteristics to Ceuta. This co-operation did not bring major benefits, but it was found interesting to examine practices followed in other places.

Also, representatives of Ceuta assisted the events organised by Europe Innovation 2000. Once again, the experience was positive but did not bring outstanding benefits.

8. Mainstreaming

- Into Structural Fund programmes 2000-2006 / Other forms of sustainability of TEP interventions

As expressed above, the pact did not continue officially after its conclusion. Nevertheless, some of the activities implemented under the pact continued with some provisional funding from the integrated Operational Programme 2000-2006 (See above), which shows that the pact was partially mainstreamed in structural fund programming for the period 2000-2006. In addition, the pact has established the basis for the development of three specific employment plans for Ceuta aiming to provide continuity to some of the actions included in the pact.

The main actions of the pact were also included into the SPD for 2000-2006. Also, the pact partnership participated in the design of the Operational Programme.

Thus, the partnership has seen itself established as the main forum for discussion of employment related issues. It is likely that future developments in this area will take place on the framework of this group gathering the most relevant authorities and social actors. Apart from this informal continuation, the partnership formally continues as the local steering committee of the integrated Operational Programme 2000-2006.

In any case, it is clear that the partnership has played a major role in influencing the continuation of activities under the integrated Operational Programme 2000-2006. The strong and consolidated character of the partnership has a huge potential to influence future initiatives and constitutes one of the most outstanding results of the partnership.

9. Assessment of overall added value of the TEP

The territorial employment pact of Ceuta presents significant added value in several areas.

Firstly, the pact developed a bottom up approach and arose as a response to needs identified at local level. The design of activities was based on a needs assessment that determined the priority areas for action. Therefore, the pact is very relevant to the local context and reinforces the idea of the establishment of a territorial basis in the programming of activities at local level.

Secondly, the pact focuses more on social needs than on areas of training or labour market inclusion. As a result, priority is given to the social component as the prior condition for the achievement of a sustainable labour market model. In this sense, the pact constitutes a successful experience in terms of integration of socially disadvantaged groups.

Thirdly, the consolidation of the partnership and the normalisation of relations among local authorities and social actors. Thus, the pact contributes to the achievement of 'social

stability' and consolidates a framework of dialogue and co-operation that will remain in the future.

Fourthly, the huge support and commitment showed by the population of the city. As a result, the pact had high visibility and found itself backed by the population. This constitutes evidence that the pact was relevant to the local context.

Finally, the pact contributes towards the involvement of the business sector, which is seen to have a role in the resolution of the city's problems. Therefore, there has been a development of the idea that the public sector is not the only agent that has responsibility for solving the problems of a particular territory.

➤ TEP VALLÈS OCCIDENTAL

1. The Background to the Pact

Spatial context

The Vallès Occidental region is an urban periphery area located in the metropolitan region of Barcelona. It is composed of 23 municipalities that present different characteristics. In addition to the 2 cities of Sabadell and Terrasa (over 160,000 inhabitants each), it includes a whole range of towns between 10,000 and 60,000 people, which contribute significantly to the economic and social activity. There are also several municipalities between 200 and 10,000 people, which also take part in the pact.

According to figures provided in 1998, the population of the area is around 700,000 inhabitants and the per capita income is 8641.35 Euro.

The region or 'Comarca' has a complex administrative structure comprising the local, regional and national levels. The 'Consell Comarcal' (or Regional Council) is responsible for the management of the pact and constitutes an organisation inserted between the local and the regional level. It is invested of several insignificant competencies delegated from the municipalities of the Comarca. The Consell Comarcal constitutes the management and co-ordination organisation of the pact.

From an administrative point of view, it constitutes an Objective 2 region. Therefore, it represents the only case among the TEPs developed in Spain that does not constitute an Objective 1 region. At this point it should be mentioned that the Vallès Occidental presents a higher degree of development than other areas where the TEPs were financed. The territory has a series of structures that have allowed a better functioning of the pact. This point should be taken into account when establishing comparisons with the other pacts financed in Spain.

Economic characteristics of the territory

The Vallès Occidental constitutes a highly industrialised region. This industrial character is a result of the presence of major industrial plants that form an extensive network of companies, SMEs and microcompanies. As an indicative figure, the Vallès Occidental represents 17% of the total industrial land in Catalonia.

It should be mentioned that in the last fifteen years the area has experimented a process of industrial diversification, moving from specialisation and the predominance of the textile sector to an increasing presence of other industrial sectors like metallurgy, chemicals and food. Retail and wholesale trade are the sectors where more firms are present. Nowadays there is also an increasing trend of the service sector in areas like finances and information and communication technologies.

The area began a process of economic recovery in 1994 that has reinforced the economic centrality of the Vallès Occidental in Catalonia. However, this has not been backed by an equivalent improvement in terms of welfare and employment due to the contradictions and the heterogeneity of the territory. In any case, according to demographic and economic indicators, it constitutes an area in expansion regarding the future. In the last two years, figures have displayed a positive trend with a higher increase than the Catalan average in terms of GDP, available family income and number of firms established.

In any case, the consolidation of the economic centrality of the region required getting closer to the Catalan average in terms of unemployment rate. This has constituted the key mission of the territorial employment pact of the Vallès Occidental.

Labour market context

Although the area presents one of the highest rates in terms of GDP in relation to the national average, unemployment is around two points higher than the average of Catalonia. This is due mainly to the industrial character of the area, which attracts a lot of workforce. As a result, the growth has been sudden and the supporting structures were not established. Therefore, the area is highly vulnerable in recession periods.

The area also presents a slack/sluggish labour market. As a result, there is a need to match the demand and supply of labour.

The territory also presents as one of its most outstanding characteristics the existence of a consolidated tradition of negotiation between labour and business confederations. Taking into account the strong industrial character of the area, the social partners are experienced in negotiation processes that have resulted several times in agreements between businesses and workers. In this sense, the local and regional authorities have also been involved in this process and are familiarised with these dynamics.

This element represents a difference in relation to the other TEPs developed in Spain. Undoubtedly, the existence of a tradition of co-operation in the employment area constituted added value and represented one of the success factors of the pact. Most of the people interviewed stressed this point and outlined the necessity of the existence of this background of co-operation in order to develop further actions in the lines of a territorial employment pact.

Employment policy and intervention context

As expressed above, the territory presents a consolidated tradition in the management of employment related measures and programmes. Prior to the development of the pact, the situation was characterised by the development of specific initiatives and there was neither

co-ordination nor integration of employment policy. This situation was characterised by the design of proposals according to the main requirements established by the financial instruments in the framework of which the proposal was presented.

Around 1996, the local actors realised that the structures that existed presented similar characteristics to the concept of a territorial employment pact. This consideration, together with the implementation of the pact, constituted the turning point and there was a significant move towards a more integrated approach characterised by the design of measures according to a diagnostic of the situation. The new approach would switch to the following steps:

Diagnostic → Programming → Design of activities → Implementation → Evaluation

Therefore, following the proposal from the Region of Catalonia to the central administration to implement a pact in the Vallès Occidental, the employment pact came into effect on the 12th March 1997 with the signature of a framework agreement between the Catalan government, the Vallès county council, the two main labour unions, and the most important employers organisations existing in the area. As a result of this agreement, the first action plan was drawn up for the period 1998-99 and was signed on the 28th January 1998. This led to the implementation of a series of measures involving the participation of the agents involved and with the aim of achieving optimum employment levels.

As a difference to the other 5 pacts financed in Spain, which were integrated into a single operational programme, the pact of Vallès Occidental was integrated into the Objective 2 Regional Operational Programme for Catalonia.

In relation to the existing partnerships prior to the development of the pact, there existed a variety of social actors that were already involved in negotiation processes in the field of employment. However, the situation at this stage was characterised by a climate of confrontation between business associations and trade unions, which were not even willing to negotiate. As will be explained later, the pact also contributed to the normalisation of these relations. This required a mobilisation of local actors in order to reach common positions.

Governance context and Strategic Fit

The area is characterised by the existence of different levels of administration at national, regional and local levels. In the case of Catalonia, the central administration had already transferred the management of the employment competencies to the region. Therefore, it is the regional government (Generalitat de Catalunya) the central organisation that manages employment policy in the region. The Vallès Occidental county council sits between the regional and the local level. This organisation constitutes the co-ordinating and management bodies of the pact, but does not directly provide services to the beneficiaries.

In conclusion, the regional government covers the management competencies in the employment area and the county council is the body in charge of the management and co-ordination of the pact. Taking into account the limited human resources available in the county council, it normally subcontracted to other organisations the implementation of the activities of the pact.

The pact was established at sub regional (local/municipal) level. The pact's operation was facilitated by the experience of the management of employment measures in the territory.

Application Process

The application and selection procedure at national level is explained in section 1 of the report.

The regional government and the county council established to prepare the TEP proposal of the Vallès Occidental. Afterwards, the county council established contacts with the different partners and, following the procedure followed at national level, began to prepare the territorial employment pact.

The idea to apply was mainly promoted by the county council in close cooperation with the regional government. Some partners had also perceived the necessity of developing action in this area and supported the TEPs application.

2. Direct outputs and results of the TEP

Pact mission

The Territorial Employment Pact of Vallès Occidental is the result of a consensus among the local and regional authorities and social partners. It is based on the joint intervention of these agents in response to the diagnosis of the socio-economic situation, the formulation of objectives and the definition of an integrated approach including a set of relevant measures.

It should be mentioned that the pact does not arise as a result of huge problems at the local level, but as a way to improve the employment indicators of an area that plays a major role in the regional context.

Basically, the pact intervention aimed to reduce the unemployment rate in the area in order to get closer to the average of the region. The idea was to achieve the optimisation of employment interventions through the rationalisation of existing resources.

Particularly, the pact intended to intervene in the following areas:

- Quality of employment: increase the qualified labour work force.
- Training: to tackle the unequal training provision levels existing in the area and to promote employment among socially excluded groups.
- Rationalisation of active employment policy in the area

In other words, the idea is create a framework that works as an observatory of the employment situation in the Vallès Occidental.

Scale and operation of the pact

The actions of the territorial employment pact for the period 1998-1999 were established in 18 measures based on 7 themes:

1. Infrastructures:

- Marketing of industrial land

2. SME competitiveness

- Vallès exportacio: start up and promotion of exports
- Vallès quality control
- Environmental consultancy for SMEs

3. Promotion of stable employment

- Data base on collective bargaining and employment
- Vallès arbitration centre
- Task force on in-company employment policy

4. Training and integration

- Co-ordination of guidance and integration resources (CGIR)
- Implementation of the aims of the Luxembourg Employment Summit
- Programme to fight against social exclusion
- YOUTHSTART II project 'Let's Co-operate'
- NOW project 'An Active Role for Women'
- White paper on training needs of SMEs

5. New sources of employment

- Niovallès: promotion of employment on care services for the elderly
- New sources of employment linked to sustainability

6. Employment in the information society

- Vallès virtual: A virtual business incubator

7. Co-operation between territorial institutions and agents

- Vallès employment agenda
- VOCEX

**N.B Measures 1, 2, 3, 4 and 16 were governed by business confederations
Measures 5, 6, 7 and 13 were governed by labour unions
Measures 8, 9, 10, 11 and 12 were governed by the regional government
Measures 14, 15, 17 and 18 were governed by the County Council*

The activities developed under the pact were addressed to the whole population of the area (around 700.000 people), among which 18.000 approximately were directly targeted by the pact (See below pacts specific objectives and progress). The specific target groups that the

pact tackled were groups with difficulties in accessing the labour market, especially the young unemployed with poor qualification levels and the long term unemployed.

Extent to which the pacts met the 4 broad programme objectives

- Bottom up approach

The selection process was developed in line with the bottom up approach. Therefore, the action plan reflects a balance of the interests of the different partners. In this sense the pact can also be seen as a demand addressed to higher level administrations to manage employment policy at local level.

The design of the action plan as well as its implementation was carried out with real involvement of grass roots organisations and local agents. This was achieved through the proposals of the working groups created in the framework of the pact, which counted on the presence of the most relevant actors of the area. The implementation of measures was mainly developed by local institutions, which contributed on several occasions from their own resources.

These working groups had a mainly technical character and were open to any organisation. It should be mentioned that these working groups, with a more political character, also took charge of the design of activities for the second action plan in 2000-2001.

The development of this bottom up approach allowed the definition of areas of intervention of the pact, which resulted in the 18 measures.

- Broad based partnership

As expressed above, the area had an extended tradition of co-operation and negotiation among local authorities and social actors in employment related measures. The partnership already existed in the framework of 2 YOUTHSTART programmes (1994-97/ 1997-99) and of an Article 10 ERDF programme (new areas of employment 1996-98). In this sense, it constituted an old partnership performing a new function. The partnership was balanced, with membership open to any organisation, and worked on the basis of consensus.

The partnership was composed of the following actors:

- Regional government (Generalitat de Catalonia)
- County Council of Vallès Occidental (in representation of the 23 municipalities of the area)
- Labour Unions (Comisió Obreras; UGT)
- Business confederations (Business association of Sabadell region –CIESC-; Business association of Terrasa region - CECOT-)

In addition, the pact counted on the presence of several entities with the status of co-operative organisations. These included the municipal councils of the 23 municipalities, two universities, the chambers of commerce of Sabadell and Terrassa, three banks and some community and voluntary organisations.

According to the pact co-ordinator, a lack of representation from the financial (banks and similar institutions) and the 'third' sector (community and voluntary organisations) was perceived.

The partnership was formalised through an agreement signed on 12 March 1997. As a follow up to this agreement, the first action plan of the pact was signed 28 January 1998. These agreements evidenced a variety of roles discharged among partners. Basically, the approach developed was based on the principle that each partner would be responsible for a particular measure (See scale and operation of the pact). This idea intended to improve the co-ordination and animation role of each of the measures. However, the leading partner was at all times subject to the control of the rest of the partners.

In order to ensure internal and external information and communication, a protocol was signed on organisation and working methods that included the creation of the following organisations:

- Executive Committee: composed of 21 members representing institutions, social, economic and political actors. It was responsible for the approval of all actions and measures.
- Permanent Committee (management committee): composed of 7 members representing government, business and trade unions. It was the organisation in charge of the direction of the pact.

In addition, the pact had organisations in charge of implementation and follow up:

- Co-ordinators: responsible for the presentation of proposals and the execution of the agreements of the executive and permanent committee.
- Technical Assistance Office: organisations supporting the development of specific measures.
- Directing Committees: organisations that provide information for the follow up of the implementation of measures.

The establishment of this partnership has been one of the most outstanding achievements of the pact. Prior to the formalisation of the partnership, there were some important differences between labour and business confederations. Through a methodology based on negotiation and 'give up' elements, the relations among these collectives were normalised and social dialogue was re-established with good perspectives of continuation on the future. This agreement was reached thanks to the existence of a previous background of social negotiation on employment related areas.

In the framework of the pact bilateral and multilateral relations were promoted among partners, not necessarily passing through the managing authority of the pact. This reinforced confidence among the different actors and allowed the consolidation of a real network of local actors.

- Integrated strategy

The pact developed an integrated strategy on the basis of a diagnosis of the strengths and weaknesses of the local labour market. This strategy brought together similar actions that were being undertaken in the different municipalities, as well as objectives that the partners were approaching on an individual basis. As expressed above, the aim was to rationalise existing resources in order to optimise the labour market situation.

The pact also intended to match demand and supply elements through improving the access of certain groups (women; ethnic minorities) to services (database of the region looking at matching demand and supply in the labour market).

The development of an integrated strategy has allowed a better complementarity of the demand and supply components, a better combination of public and private funding sources, and a better positioning for the continuation of the pact activities in the framework of mainstreaming structural assistance for the period 2000-2006.

- Innovation

In the process of approval of the action plan, it was placed special emphasis on the pilot and innovative character of the territorial employment pacts. As a result, several activities (around 90%) under the Vallès pact have incorporated, with different degrees, this innovative component. The innovation is mainly referred to activities that had not been developed previously in the area. The most outstanding innovative elements are the following:

- The pact represents a new way of management of the ERDF. These funds are normally devoted to infrastructure, but in this case were also used to carry on a wider scope of activities.
- In managing procedures, the fact that each measure presents a partner playing a leading role.
- The facilitation of the County Council, which eased relations among the partners, especially between labour and business confederations.
- Promotion of the social responsibility of business: business became involved in the improvement of the labour market context through the signature of agreements in areas like quality of employment, reduction of supplementary hours, or promotion of further stability of employees.
- The pact has been included in the National Plan of good practice for its representativeness and potential replication in other territories.
- Establishment of horizontal co-operation among territories and complementarity of public and private resources.
- Integrated approach of the different measures

To conclude, it should be mentioned that the regional government intends to replicate the 'pact methodology' throughout Catalonia. This constitutes evidence that the pilot experience has been successful in this area and therefore could be replicated in other territories.

3. Pact specific objectives and progress

Aside from some minor exceptions, the progress of activities against the objectives and timetable has been satisfactory. As the pact was integrated into the Objective 2 Operational

Programme for Catalonia, it did not suffer the delays that the other five Spanish pacts experienced in being integrated into a specific operational programme.

The objective that was not fully accomplished was the co-ordination of the active employment policy of the area. However, this overall objective constitutes one of the main elements to achieve under the second employment action plan for this territory.

The selection of objectives and target groups was done on the basis of a diagnosis of the labour market and the employment needs of the area (utilising the local Labour Market Observatory). Following the results of the diagnosis, all the partners determined the target groups and objectives by consensus. As a result, the pact approach is relevant in relation to the local context.

As already expressed, the development of the diagnostic approach constituted a new element as previously proposals were prepared according to the requirements of a specific call for proposals.

The pact was in line with the aims and criteria formulated by the European Council and Commission in relation to the territorial employment pacts. The most outstanding aspects concerning the achievement of these aims were the following:

- Identification of difficulties, concerns and viewpoints of the agents in the territory: the pact was created in the framework of a broad based and participatory discussion of the situation among the main actors of the territory.
- Mobilisation of available resources in the framework of an integrated and articulated strategy: During the design phase, the existence of other initiatives in the territory was taken into account as well as the resources available for collaboration. As a result, the action plan included action in 7 areas that were also designed according to the priorities expressed by the relevant actors involved.
- Improving the integration and co-ordination of actions: A broad based approach was developed both from a territorial point of view (bringing together similar actions developed in neighbouring territories) and in relation to its contents (sharing objectives and actions in areas where the partners acted separately).
- Promotion of pilot measures of intervention looking at its possible replication in other areas.

In general terms, the overall result of the pact can be considered as quite satisfactory. The key success factors were the following:

- The existence of a public leadership that eased the pact's operation and the establishment of a consensus.
- The existence of a consolidated tradition of social bargaining that resulted in an active involvement of labour and business confederations in favour of dialogue and co-operation.
- The flexibility and compromises acquired by the regional institutions in the design and implementation of measures.
- Despite diverse political approaches and interests, the existence of good relationships among the partners. This has allowed the establishment of a consensus to determine a set of objectives in areas of common interest.

- The role played by the two co-ordinating institutions: the regional government (Generalitat) and the County Council.

The completion of almost all the targets in relation to activities and measures implemented stresses the capacity of local operators to become increasingly competent in employment policy at local level. Financial progress has also been particularly outstanding, reaching 100% spend in the eligible period.

4. Indirect outputs and results relating to employment and economic development

NB. The pact co-ordinator and partners were not able to provide figures on most of the epigraphs below as these data were not available. The box included below refers only to some of these questions.

Employability

Entrepreneurship

Adaptability

Equal opportunities

Removing barriers and creating new sources of jobs

Job creation

Employment output and results

Concerning the direct impact of the pact on employment, the pact has achieved the following measurable objectives:

- Creation of approximately 600 full time positions.
- Creation of more than 1000 temporary jobs.
- A process of inclusion in the labour market of around 16,000 people (4,800 in application of additional programming measures and more than 11,100 as a result of ordinary programming)

In terms of evolution of employment, between 1998 and 1999 the number of jobs increased by more than 15,000 people. In spite of this, the unemployment rate in the area is still higher than the average of the region (although there has been a quicker reduction rate in the last two years). During the period of operation of the pact, unemployment decreased by approximately on a 3.63% (around 12,000 jobs). In this way, from the 10.82% of January 1998 (Catalan average being 8.96%) we have passed to the 7.19% in January 2000 (Catalan average being 6.6%).

In conclusion, although the unemployment rate has not reached the levels of the region, the difference that existed in January 1998 (1.86%) had been substantially reduced by January 2000 (0.59%). Thus, the Vallès was the second area in Catalonia in terms of job creation, although it presented mainly a temporary character. On the other hand, decreasing unemployment favoured men over women and unemployment is still more among socially marginalised groups. These last elements, together with growing immigration, constitute significant challenges to tackle in the future.

By the end of 1999, there were 22,732 people registered as unemployed in the area.

Monitoring and Evaluation

The pact was subject to different evaluation and monitoring mechanisms. In relation to the first, there was an ‘analytical report’ (the pact co-ordinator refused to talk about an “evaluation report”) that validated the functioning of the pact as well as the difficulties faced and success factors. This analysis was conducted by an external consultancy (CIREM). According to this report, the pact had a quantifiable result in terms of reduction of unemployment (See figures above) and there are good prospects for the improvement of the labour market situation in this area in the future. The report also considered that the pact had achieved most of the objectives previously established and that fitted the main criteria pursued by the TEPs.

However, the main issue stressed in the ‘analytical report’ is that the pact constituted a very useful experience for the implementation of a model based on the following idea: both the national and the regional administration should take advantage of employment related policy. As a result, the pact constitutes an example of the feasibility of the establishment of a basis for the programming of structural fund interventions. On the other hand, the report stressed the necessity to reinforce the vertical co-operation between the different administrative levels, in order to allow the integration of the pacts among the priorities of the employment action plans at national level, as well as the development of employment competencies in favour of the regions. In this sense, the pact constitutes a very useful experience of effective co-operation among different organisations of the regional government in areas of common interest.

In addition, several specific measures were also the object of external assessments.

In relation to the monitoring mechanisms in place, these were developed at three different levels:

- Technical monitoring: individualised reports were produced according to specific measures and target groups.
- Administrative monitoring: the technical monitoring was complemented by verification of the different administrative documents that should be produced.
- Financial monitoring: Each authority produced the corresponding documents referring to the financial execution of the pact.

5. Additional benefits of the TEP

Labour Market

As outlined above (See point 3 – Pact specific objectives and progress), the pact has influenced the labour market both from a quantitative and qualitative point of view.

In relation to the first (see figures above), there has been a reduction of the unemployment rate during the period of implementation of the pact and an approximation of the regional average. These outputs are both direct and indirect. Although the jobs directly created are around 600, this has been accompanied by the creation of 1,000 temporary jobs and by a process of inclusion targeting around 16,000 people.

From a qualitative point of view, the innovative character of most of the measures implemented should be mentioned, which opens new areas for the development of employment interventions. In addition, the development of the diagnostic concept (see below), the establishment of effective horizontal co-operation among territories, and the complementarity of public and private resources constitute qualitative outputs that should improve the labour market situation. Therefore, the problem of employment quality has been tackled putting special emphasis on training and formation.

On the other hand, there is a need to reinforce vertical co-operation and links with other structural interventions and public policy. These are areas that are being tackled in the second action plan, which should result in a better integration of regional and local employment policy.

Employment and local development policy

One of the main achievements of the pact refers to the influence that the pact methodology has had on local, regional and national employment policy framework. Therefore, it is possible to identify three different approaches that correspond to the period prior to the pact, the implementation stage, and the development of the second action plan:

- Period 1994-1997. This period was characterised by the development of specific employment initiatives on an individual basis. Therefore, the project proposals were developed according to the requirements established by the financial instrument framework. Around 1996, local actors realised that the structures of the area present several components that fit the aims of a territorial employment pact (mainly the existence of a wide range of social actors experienced in collective bargaining and employment interventions). This led to the preparation of the territorial employment pact of the Vallès Occidental and to the development of a new approach.
- Period 1998-1999: First Action Plan of the TEP. This period supposes the development of a new approach of great qualitative value, based on the realisation of diagnostics prior to the programming of activities. Therefore, employment interventions are designed according to the needs identified during the diagnostic phase and are more coherent with the local context. Thus, the pact can be seen as an instrument of identification of local needs.
Some examples of the development of the diagnostic concept are the creation of the employment forums (32 in all Catalonia; 3 in Vallès Occidental), which contribute some inputs to programming. In this way, employment initiatives are designed according to a diagnosis of the labour market, the proposals of the employment forums and the recommendations of the technical personnel of the regional government.
As a result, several of the employment initiatives being developed were integrated into the first action plan of the territorial employment pact of the Vallès Occidental. This period is characterised by the involvement and consensus among local authorities and

social actors, and by the integration of employment interventions into a single framework.

- Period 2000-2003. Second Action Plan of the TEP. The present stage is characterised by an integrated approach to employment policy. The idea is to optimise the existing resources in order to achieve co-ordinated employment policy in the territory. The second action plan intends to give continuity to the actions of the first action plan, while promoting new initiatives determined by the local context. It is intended to consolidate the positive experiences, the partnership created, and the interrelation among local employment development policy and other policies of the territory. This second action plan brings together 21 municipalities of the area. In addition, two specific pacts have been developed for the two main cities of the area (Sabadell and Terrasa).

This evolution of the approach exerts its main influence over the regional policy framework. Therefore, the Vallès Occidental pact influences employment policy at regional level in the following ways:

- Adoption of the ‘diagnostic’ concept. The idea of diagnosis, developed in the Vallès Occidental from 1997, is adopted afterwards at regional level. As a result, there is a substantial improve on programming, which addresses better the local necessities.
- Adoption of the pact methodology. The idea of the establishment of a previous consensus among local actors ensures the development of a coherent and integrated approach and avoids further problems.
- ‘Temporality’. The existence of a consensus guaranteed at local level avoids time-consuming administrative procedures and provides increased dynamism of actions developed at the regional level. The regional government would play a co-ordinating role allowing flexibility of interventions at local level.

These three elements result in the inclusion of the employment pacts in the programming period 2000-2006, which is partially based on activities implemented in the framework of the pact of Vallès Occidental. The idea is to extend the pact methodology in all the territory of Catalonia following the positive experience of the Vallès Occidental.

Nowadays, there are 19 employment pacts working in Catalonia that have followed this approach. They began in 2001 and will last until 2006. These pacts have been developed through a local consensus that resulted in a plan submitted to the regional government. In this way, the regional government is not involved in the preparation phase and it plays mainly a co-ordinating role. Moreover, each of the pacts counts on a single interlocutor, which allows the existence of a single voice that has previously reached consensus with the other relevant actors of the local territory.

Nevertheless, the regional government considers certain monitoring necessary and there will be a steering committee involved in these cases.

The ‘Diputacion of Barcelona’ has also designed a system of territorial organisation of active employment policy based on the concept of territorial employment pacts.

The existence of a ‘health at work forum’ that works parallel to the pacts and follows its methodology should be also mentioned. This forum intends to discuss and propose solutions in the area labour conditions.

Finally, more evidence of the influence of the pact on other areas lies in the visits received from other Spanish regions in order to examine the feasibility of introducing this methodology in their territories.

Learning and co-operation between local actors at the end of the pact

The pact has served to normalise the relations among the social partners of the territory that was previously characterised by conflicts between labour and business confederations. This partnership has been consolidated and there are good prospects for continuation of co-operation between the different members in the future.

The pact has also evidenced the necessity of increasing the participation of the ‘third’ and financial sectors. This element has been taken into account in the second action plan

As a result of this wide representation of actors, the pact has contributed to increased understanding of the local environment and the needs of the local community.

In conclusion, the overall performance of the pact is quite satisfactory. The key results have been the achievement of a ‘social stability’, that has been translated into the normalisation of relations among labour and business confederations and local and regional authorities, and the establishment of horizontal co-operation among territories independently of particular interests or political alignments. This has resulted in a better rationalisation of active employment policy avoiding the duplication of actions.

Among the unexpected outcomes should be outlined the positive stance shown by the social actors to reach a consensus, which has been backed by significant political will on behalf of the local and regional authorities. However, a higher involvement of the financial sector was expected. Finally, the pact raised expectations at national and European levels that was not expected, which constitutes a very positive outcome and evidence of the relevance of the experience.

6. Management of the pacts

Role of key stakeholders involved in the management and implementation of the TEP:

- Efficiency of managers and sponsors

It should be mentioned that there was no specific structure created for the management of the pact. This role was developed by the County Council of the Vallès Occidental. Most of the partners agreed to stress the important role developed by the county council in terms of co-ordination and animation of pact activities. Taking into account the limited human resources

available, the County Council delegated the implementation of activities to other organisations through subcontracting procedures.

The County Council reported the existence of some difficulties linked to the complicated administrative structure with responsible organisations at local, regional and national level. In this sense, the county council eased the relations among them as an organisation operating at the sub regional level. The necessity of devoting more resources to the development of internal and external channels of communication was also observed. However, this was limited by the priority given to the implementation of the pact measures.

Among the strengths of the management of the pact was the political support received by the regional government, whose co-ordinating role was also appreciated by most of the partners.

Finally, the normalisation of relations in the framework of the partnership (in an area where different political alignments are present) allowed the establishment of smooth relations, which had a very positive effect on the pact activities.

- Attitudes of other actors/agencies towards the pact

The management organisations of the pact included representatives from the regional government, which supposed the existence of a successful co-ordination. The existence of a similar representation at national level would have been desirable. Despite this, cooperation was exerted on behalf of the national authorities in the areas where its assistance was required.

Both the national and regional authorities have recognised and expressed the importance of the pact as a model of reference in the design of a new model of organisation of public-private co-operation in the territory.

In any case, it was perceived there was a lack of competencies and financial capacity at the local level. Several voices demand a further process of decentralisation from the regional to the local level in order increase the role of the local administration.

Concerning the relationship with the European Commission, most of the partners agreed on the EC's poor understanding of the local context. A wider understanding of the principle of subsidiarity was desired: both the European Commission and the national authorities should allow higher participation at the local level in the different stages of the process (Programming; implementation; evaluation).

Finally, the partners also expressed that the TEP initiative raised a lot of expectations that were not accomplished. The TEP initiative was developed as a pilot experience but there was no continuity. A possible reason of this could be the fact that the results of the TEPs have been unequal. However, in the case of the Vallès Occidental, where the experience proved successful, the lack of continuity constituted a serious obstacle. As a result, the European Commission should promote further initiatives in this area and develop a more integrated approach in terms of sustainability.

- Commission Rapporteur

It seems that there was no visit from the Commission rapporteur. However, the pact did have a visit from high level officials from the Commission who participated in some events developing the framework of the pact. This was combined with several visits of representatives of the pact to Brussels.

- Role of EI2000 National Experts

The role developed by EI2000 referred to the following activities:

- Animation: organisation of events, conferences and seminars.
- Production of reports.
- Support of the national experts.
- Co-ordination of actions of monitoring and support, as well as relations with the European Commission.

The support received from the national experts was correct. There were regular visits and contacts through phone, fax and e-mail. The support of the national expert was particularly useful in relation to information provided about main EU dynamics related to the pacts.

However, the pact perceived that the national expert had a limited mandate, which had as consequence the necessity of contracting supplementary technical assistance to complement its role.

- Overall assessment of management structures and procedures

As expressed above, the overall performance of the management structures and procedures was correct. However, the pact management organisation reported the following as main obstacles in the pact implementation:

A. Cultural

- The existence of non-consolidated markets, especially in the ‘grey economy’
- The difficulties for the emergence of new business.
- The negative opinion of the population of industry and the ‘grey economy’
- The poorly integrated approach to training and education, which did not favour adaptability and motivation.

B. Financial

- The discontinuity of resources, which prevents stable service provision to beneficiaries.
- The lack of resources to develop intensive and individualised actions
- The lack of resources to support the emergence of new potential areas of employment.

C. Administrative

- The lack of positioning of higher level administration with regard to the grey economy and the poor development of fiscal policy promoting its regularisation.

D. Political

- The contradiction between the implementation of results in the short term or the development of long term approaches.
- To some extent, the limitation of consensus to 'less' problematic areas.
- The establishment of real vertical co-operation. Although the pact has achieved significant results in this area, it is necessary to reconcile the pressure from the population with local agents' exercise of the necessary competencies and resources that correspond to high level administrations.

E. Lacks in co-operation

- Little co-operation was observed on behalf of businesses and the financial sector. This culture of co-operation has already been assumed by the business confederations, but there are some difficulties in translating it to businesses.

F. Non existence of technical competencies

- In the last years there has been an increase in technical competencies related to co-operation mechanisms and understanding of structural funds interventions. However, it is necessary to promote training in the fields of innovation, creativity and NTIC.
- Lack of technical competencies of the third sector entities.

G. Other

- The limited period for the implementation of projects that have an impact on cultural changes.

The establishment of a successful co-operation has been a key element in overcoming these factors. In all the above-mentioned points, the pact has shown an improvement and has established the basis for the achievement of better conditions in the future. Apart from other aspects mentioned in the report, the key success factors in overcoming these difficulties were the following:

- Public leadership and establishment of vertical co-operation among the public administrations of the territory and the region.
- Active role in terms of dialogue and the co-operation of labour and business confederations.
- Existence of institutions and people qualified and compromised.
- Establishment of bilateral and multilateral relations between the management organisations.

- Generosity in sharing the political-institutional roles among all the actors of the pact.

Pact Resources

- Institutional and human resources levered in

As mentioned above, the pact did not pre-suppose the creation of a specific management structure. It was considered that this structure was not necessary for reasons of sustainability. Although existing human resources in the county council were not sufficient to cover the necessities of the pact, this was solved through subcontracting procedures in favour of other organisations.

As a result, one of the main characteristics of the pact is represented by its integration in regular interventions in the area. Therefore, it does not lead to major leverage of institutional and human resources, but to an integration of the framework of wider interventions.

- Financial / Additional resources levered in

The funding sources of the pact were the following:

ESF (Ex novo)	3,794,189 Euro
ESF (Ordinary)	8,781,387 Euro
ERDF (Ex novo)	1,958,097 Euro
Regional government	11,478,129 Euro
Local government	2,476,169 Euro
Private	880,482 Euro

Total Budget	29,368,456 Euro
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In contrast to the other pacts financed in Spain, which were integrated into a single operational programme, the pact of Vallès Occidental was integrated into the Objective 2 Regional Programme for Catalonia 1997-99 as measures clearly individualised and identified. The different measures were fitted into the existing financial instruments with some of the measures being reprogrammed. This element stresses the capacities of the area to look for additional funding sources. In this sense, the Vallès pact presents an added value, as it constitutes a clear example of integration of this initiative into mainstreaming interventions. This approach also results in a higher sustainability of activities.

It should be mentioned that there was an addendum of 3,794,189 Euro (ESF Ex novo) to finance 7 of the 18 measures of the pact. The remaining 11 measures were financed by regular structural funds (including INEM and FORCEM – Foundation for continuous training- funds).

Taking into account this integration into the mainstreaming interventions, it is difficult to determine in an objective way some other eventual leverages in the financial resources as a result of the pact.

However, the pact contributes to other, non-financial, kinds of additional leverage. Firstly, the conclusion of a second action plan of the territorial employment pact, that gives continuity to the actions of the first action plan. Secondly, the adoption of the pact methodology at a regional level, which constitutes a reality with the 19 employment pacts that are working in Catalonia (funded with 30 million Euro from Objective 2 ESF and 50% co funding from the local administration).

Therefore, the pact of Vallès Occidental presents quite positive results in terms of the sustainability of activities.

- Cost effectiveness

Most of the local actors agree that the pact was more cost effective than most mainstream structural assistance in the area. The main reasons for this is the adoption of the pact methodology at regional level (comprising the replication of the experience elsewhere), the normalisation of relations among the main interest groups of the territory, and the high consideration that the pact has had at regional, national and European level.

7. Dissemination and networking of activities

Dissemination

In the framework of the pact a dissemination campaign was developed which did not cover all the necessary elements of the pact. This was mainly due to the priority that was given to the implementation of measures. Taking into the limited resources available, there were some restrictions in terms of resources that affected the dissemination component.

In any case, it should be mentioned that the dissemination of the pact took also place by itself. Evidence of this was the high consideration towards the pact at regional, national and European level. Therefore, the prioritisation in favour of the implementation of measures did not affect the visibility of the pact.

The pact also included the production of several dissemination materials, among which should be outlined the final report of the results of the pact. This report presents the main activities conducted and results achieved and has been produced in several languages. The pact also produced some brochures and a web site. In addition, the pact was presented in several seminars and events and there was a closing event in Sabadell. The pact direction was also invited to several forums to present their experience.

Regarding the future, more resources should be devoted to the dissemination of activities. Although in the case of the Vallès Occidental the pact concept has already been disseminated widely, there should be a higher focus on dissemination in other areas of Spain.

Links to other pacts

Regular contacts were established with those territories that intended to develop new pacts apart from the 89 initially developed as TEPs. Among the 89 initial pacts, the highest level of co-operation has been established with some of the French pacts, while with the others it was limited to some periodic co-operation.

In addition, there has been some exchange of experiences. This mainly referred to ideas and tools. Some contacts were also established to examine possible ways of co-operation in projects in the future.

The pact members would be in favour of the creation of a 'European Network of Pacts', which should promote a wider application of the principle of subsidiarity at local level. This network should also take responsibility for the promotion of the pact methodology in pilot innovative experiences developed in the different territories of the EU.

8. Mainstreaming

As expressed above (See point 5 – additional benefits- and point 6 - financial / additional resources levered in), the pact has continued at the end of the programme with the second action plan of the territorial employment pacts for the period 2000-2003, and more particularly with the 19 pacts that are currently operating in Catalonia. These pacts are financed by the Objective 2 Operational Programme for Catalonia and by a 50% co financing from the local administration.

The continuation of activities has been feasible thanks to the integration of the first action plan in the regular structural funds interventions. As a result, it has not been necessary to develop major changes for the continuation of the pacts in the existing structures. This constitutes an added value in relation to the other pacts, which were integrated into a single operational programme and present more problems in terms of sustainability.

Another point that should be mentioned is the support received from the regional government and its intention to extend the pact methodology to the whole region. Therefore, there has been a political will to give continuity to these actions and to look for the appropriate financial instruments to continue with activities.

In conclusion, several actions of the pact have found their place inside mainstream interventions. Even if the pact methodology has not been explicitly included either in the Operational Programmes nor in the SPD, it has been reflected among the selection criteria of the activities to be developed in the framework of the OP as well as through the call for proposals launched by the regional government (30 million Euro for the period 2000-2006) to support the development of territorial employment pacts with grants. In addition, it is expected to get some support through EQUAL (The EQUAL initiative has incorporated some elements of the pact methodology and presents several complementarities with the TEPs).

In this way, the fact that the programming and implementation of activities in the framework of an employment pact are considered as key elements for the award of a grant constitutes an important recognition for the pacts. It also constitutes an incentive to continue with the existing co-operation among the local agents involved in active employment policy. If these programmes are also awarded with 'overall grants', there could be a substantial improvement in the establishment of a real vertical and public-private co-operation.

As a result, the actual system does not allow the pluriannual programming of action plans and does not provide with enough technical assistance for the implementation, follow up and

evaluation of the pact. According to the regional government, the best solution for the future would be the continuation of activities through an specific Operational Programme.

9. Assessment of the overall added value of the TEP

The pact has contributed to partially solving the problem of unemployment in the area (See above - employment outputs). Although the unemployment rate is still below the regional average, the gap has been reduced and there are good prospects for the continuation of this trend in the future.

From a European perspective, the pact has widely met the pilot character of the experience promoted at EU level and presents added value. Evidence of this is the wide recognition at European, national and regional level. Several actors and territories got interested in this experience in order to examine the replication of the pact methodology elsewhere.

Another areas where some added value has been identified are the following:

- Consolidation of the pact methodology, including its replication in other areas of the region and, eventually, in other territories at national level. The pact has also consolidated the diagnostic approach. As a result, the pact can be seen as an instrument of needs assessment.
- Consolidation of the partnership and normalisation of relations among the social actors. Therefore, the pact has led to the creation of a framework of dialogue that will remain in the future.
- Integration of the activities of the pact into ordinary financial resources. The pact has shown the sustainability and complementarity of the TEP initiative with others currently working at regional level. Although its results are difficult to measure, there has been some leverage in terms of financial resources through the continuation of activities.
- Rationalisation and co-ordination of active employment policy in the area.
- Configuration of a new territorial model of intervention. A new model of formulation and intervention of employment policy is taking shape in Spain and Catalonia, which is essentially decentralised, integrated and participatory. The experience of the Vallès pact is a useful contribution to the definitive design of this model, as the competent authorities can take advantage of the opportunities and limitations arising from the active presence of territorial agents in the formulation and implementation of employment related policy. Therefore, the pact illustrates the viability of a territorial basis in the design of structural interventions. On the other hand, there is a need to improve the vertical co-operation between territories at different level as well as increasing competencies at local level.
- Creation of a network to exchange experiences through participation in international events, which allows the perfection of interventions in the concerned territories.

10. Lessons

The overall assessment of the territorial employment pact of Vallès Occidental is quite positive. The following analysis of strengths and weaknesses is indicative to draw the lessons learned in a positive and a negative sense.

Strengths

- The formulation of a coherent and integrated employment policy requires a territorial approach. In this sense, any solution or strategy developed at local level requires the existence of a prior consensus and co-operation among the relevant local actors.
- Employment interventions should not only look at the promotion of employment, but also at promoting the economy of the whole territory.
- The normalisation of relations among the partners and the achievement of a climate of 'social stability' based on the idea of consensus. The partners are committed to look for solutions to common problems independently of their specific interests or political alignments.
- The establishment of a process of co-operation at three different levels: Vertical: through the achievement of compromises with higher level administrations; Horizontal among the different agents: through the joint implementation of activities by agents of different nature in areas where the co-operation was blocked; Horizontal among the different territories: through the joint implementation of activities by agents from different territories in sectors where the co-operation was blocked
- An improvement in the co-ordination of resources through the development of the concept of diagnostics. This has been possible thanks to the co-operation among the partners, and the design of activities according to labour market research. In addition, the local actors have improved their knowledge in the management of ERDF funds to promote local development.
- The development of a strategy looking at the co-ordination and integration of interventions. The inclusion in the pact of actions that did not correspond to ex novo resources of the structural funds should be mentioned. In this way, the methodology of the pact has been extended to financial resources that were going to be used in favour of the Vallès through mechanisms of different nature. Although this brought about certain difficulties, it has reinforced the idea of consensus and achieved positive results in terms of sustainability.
- The existence of innovation in most of the actions in different senses: development of new methodologies and modalities of intervention.
- The implementation of an equilibrated management without major differences among the different organisations involved.
- The exchange of experience with other pacts in the framework of international events. This has allowed improving the different pacts with successful experiences developed in other places.

Weaknesses

- The necessary existence of more competencies and financial capacities at local level. There should be a wider application of the principle of subsidiarity so that the design and implementation of interventions gets closer to the local necessities.
- Certain measures would have needed more time for implementation. The partners have been quite strict respecting the delays, which supposed a concentration of activities in a period of 18 months to the two years.

- The lack of territorial organisation by region of the business confederations, which has brought about certain difficulties.

In relation to the continuation of activities, an approach based on the search of funding in the framework of existing instruments at regional, national and EU level has been developed. Taking into account the non-existence of a strategy at European or national level, this strategy looks as the most appropriate. However, it presents several weaknesses:

- It does not ensure the coherence and balance of the contents of the pact.
- It does not ensure the retention of funding.
- It requires a temporal approach according to the requirements of the financial instrument, including the risk of eventual delays resulting from the selection of proposals.

Finally, the people interviewed formulated several recommendations to improve employment interventions in the future:

- There should be a higher involvement of the different partners in measures led by business confederations and municipalities.
- The regional government should assume as proper the employment interventions developed under the pact. Even if its intention is to extend its methodology to other areas, some of the partners perceive the necessity of a more active role on behalf of the regional government.
- The labour unions should receive more technical support.
- The European Commission designed the pacts as a pilot experience that has not been accompanied by continuity. As a result, it was perceived that the EC had a poor knowledge of the local context. Regarding the future, there should be wider consultation between the EC and the national administrations at different levels.
- In the future there should be greater integration of funding resources. According to the regional government, the ESF should devote specific resources to the employment pacts, as nowadays these activities are funded through some of the existing ESF axis. This approach would make compulsory the allocation of ESF funds in favour of employment pact interventions.
- Future activities are conditioned by funding possibilities. This requires a reflection on behalf of the public administration about the typology of grants to be awarded. According to business confederations, a higher flexibility is required and longer periods of eligibility to improve future actions in the framework of employment pacts.
- From 2006 a substantial reduction in the structural funds allocated in Spain is expected. As a result, it will be necessary to develop more efficient and innovative actions with a wider involvement of public and private actors.

The second action plan of the territorial employment pact, together with the results of the extension of the pact methodology to other areas of the region, will show the real impact of the pact intervention. In any case, according to the current situation, the territorial pact of the Vallès Occidental should be considered as a quite positive and interesting intervention.

**National Report on the overall performance of the TEP
Programme:**

France

Prepared by: Prof. Xavier Greffe, EURL, Paris

The Essen Council of 1994 focused on unemployment as the most important challenge for the European union and its member states. In June 1996, it was decided at the Florence Conference to enhance the effectiveness of the Structural funds with regard to tackling unemployment. The basic principles behind this decision were:

- to have better integration of the structural funds in geographic areas,
- to take into consideration the employment impact of any project
- to mobilize its stakeholders at the relevant level.

Some months later, in December 1996, the Dublin Council defined the themes along which this programme would be aligned. The pillars of the programme would relate to those set out in the Amsterdam Treaty:

- improving employability;
- developing entrepreneurship;
- encouraging adaptability of businesses and their employees; and
- strengthening equal opportunities policies.

The Territorial Pact was thus established to make the potential use of Structural funds (and any other National, Regional or Local funds) more effective. This implied three steps:

- to identify for every country a number of territories;
- to develop and share these territories' diagnostics and programme of employment actions;
- to implement these plans of action.

The French pacts benefited both from Community technical assistance (up to 200,000 euros) and from the advice of Community and National experts. These innovative actions intended to disseminate solutions to employment problems.

I – TEP PROGRAMME AS A WHOLE

I- 1 Member State Context

1- Governance context and strategic fit

Following the process outlined at the Luxembourg Summit, French employment policy was redefined according to the European objectives, with some specifications relating to the national context. In 1998, the National Action Plan for employment defined three main objectives:

- to have a higher rate of employment growth;
- to increase job creation;
- to reduce traditional inequalities in the labour market.

The national plan outlined some measures relating to the four main objectives of the European strategy:

- To enhance employability:
 - modernization of the Employment Service,
 - increasing qualifications,
 - developing on-the-job training;

- To encourage entrepreneurship:
 - to develop new services and new related jobs,
 - to adapt fiscal regulations;
 - to define the employment tools at the ground level.
- To enhance adaptability:
 - modernization of the labour relations and organization;
 - creation of employer's association.
- To remove barriers for particular groups:
 - Increased gender equality of access and wages;
 - Increased opportunities for flexible working hours for parents.

The results of these efforts were impressive: between June 1997 and December 2000, more than 1.6 million new jobs were created, a reduction of the number of unemployed by 1.1 million. It was mainly during the second phase of this period that the TEPs were implemented, and this created a with regard to favourable context for employment policy to operate. More precisely, the growth of new jobs was +2.3% in 1999, and + 2.5% in 2000. The rate of unemployment was reduced from 12.6% in June 1997 to 9.2% in December 2000, i.e., during the time when TEPs were both prepared and implemented. It is consequently difficult to attribute this success to the TEPs or to macroeconomic policy specifically.

At that time (1997), French employment policy was mainly organized at the central level and with the exception of Professional and Vocational training: since an important law of 1994, this policy was mainly planned and implemented at the regional level through an developed partnership between the Central State and the Regional Council.

The relevant local level was therefore the Département and the relevant decision-making body the Direction départementale de l'emploi et de la formation professionnelle, which are services of the Ministry of Labour and Employment. Traditionally these bodies devise the National agreement and regulations with the National Partners, which are then implemented by the directions départementales or its national agencies (National Agency for Employment or Agence Nationale Pour l'Emploi [ANPE], National Agency for Adults Training, or Agence pour la Formation Professionnelle des Adultes [AFPA]).

Regarding the TEPs, the most important strategic body was the Agence Nationale pour l'Emploi and its local subsidiaries (The Local agencies for Employment) which initially had responsibility for matching the supply and demand for labour, and the unemployment benefit system, but which increasingly managed many instruments of the active National Labour Policies.

But many other institutions or networks have proliferated, and the Local Authorities have undertaken specific actions with or without the cooperation of the Directions départementales. Regions have the general responsibility for economic development and Vocational training, which overlaps the State competencies. Départements, i.e. here the Conseils Généraux have no specific competencies although they manage an important social aid budget, and have the responsibility for preventing social crisis and to share some employment responsibility. Municipalities are the front-line actors in order to manage some collective unemployment situations and have taken on more and more responsibilities.

In the local strategic context there are many other institutions. The *Comités de bassin d'emplois* were the successors of the older *Comités locaux pour l'emploi* created as early as the beginning of the eighties in order to analyse the local situation on a partnership basis. The *Missions Locales pour l'emploi* are institutions created by public and private partnerships in order to solve the specific problems of young people unemployment. The intermediary associations are institutions benefiting from public funds in order to train and integrate young stakeholders and the long term unemployed.

Finally, one initiative should be mentioned here, due to its important role in the future TEPs : the NGO network *France Initiative Réseau*, which created a platform for encouraging the creation of new businesses at the local level. At that time, this was innovative since it intended to contribute towards solving unemployment problems by creating new activities.

Such a proliferation of actors created a very complex situation at the local level. Partnerships were with regard to weak but systematically overlapped. Displacement effects reflected the onerous competition between actors and programmes. The bottom up approach never fitted with the traditional French centralization of public interventions. Innovations happened much more than expected, but they were not disseminated. More important, the actions to increase training did not fit with the actions to create employment, which resulted in decreased effectiveness.

Faced with this mix of programmes and institutions, the State decided to distil more coherent processes, and three elements in particular should be mentioned:

- the *Plans locaux pour l'Insertion par l'Economie (PLIE)*, was a centralized initiative to induce municipalities to develop programmes for integrating unemployed stakeholders into the labour market. These municipalities should benefit from the cooperation of the local state representatives.

- the *Plan locaux pour l'emploi* were a responsibility of the state administration at the local level, named *Service Public de l'Emploi (Local employment Public Service, LEPS)*. Under the steering of the *Directeur départemental de l'emploi*, the public administrations and their different partners, have to define a plan for integrating target groups and long term unemployed stakeholders. Once this plans was defined at the local level, they had to deliver a *Plan départemental de l'emploi*.

- the recognition of *Pays* by the *Loi sur l'organisation et l'aménagement du territoire* (1995, revised in 1999). Some TEPs also used this instrument. The underlying idea is as follows: in France there exists as many as 37,000 communes (or municipalities if their size exceeds 2,000 inhabitants). This fragmentation (which dates from the French revolution) does not fit with the economic and social solidarities that may exist at the local level and which generally bypass the size of one commune. But the merging structure of the *Département* is too big. Therefore the Government decided to recognize an intermediary level, the *Pays*. Its only structure is a committee, which may aggregate different communes and resources, and as such be a new actor for local employment actions (*TEP du Périgord Noir*). In fact another and more promising reform was adapted in 1998: without creating a separate commune, a commune may agglomerate into a *Communauté de commune* where the resources are managed in common. Some TEPs have used this form as a supporting structure (*Pays de Valois*).

We can therefore say that there was a complex governance context facing the TEPs in France. Many institutions already in this field could claim to play the role defined for the TEPs.

2 - Application and selection procedure adopted by France

2- The DATAR was responsible for the selection and the follow up of the TEPs. This was surprising considering the remit of the Minister for Employment and Labour. This curious choice was the consequence of the Community organization since the DATAR was the correspondent of DG XVI. Even if the Ministry of labour was to assist and cooperate with DATAR, this Ministry did not participate in the monitoring of the TEP where its interests and abilities would be considerably higher than those of DATAR.

Starting with this consideration, many of the recriminations of the French TEPs may be understood: the French TEPs had to negotiate and connect with an administration, which was not in charge of employment. They had difficulty being understood, and anyway any demand from the DATAR had to be implemented after a discussion with the local representative of the Department of Labour. Moreover, the DATAR had no local representatives, which meant that some small units had to negotiate with a national administration, which is always difficult and unequal.

In order to facilitate this selection, an inventory of pre existing partnership experience was assembled during the first quarter of 1997 and a document collecting and describing fifty-eight experiences was prepared by the DATAR (The official document was published much later, in 1998). This inventory showed the variety of the partnerships. Some experiences were based on comité de bassin d'emploi, others on PLIE, and others on more informal partnerships, and so on. In fact almost thirty types of operation were collected at that time.

The DATAR tested some of the partnerships on their interest to be a TEP. After an iterative process – with the 1997 general elections in the background -ten projects were chosen according to the will of the DATAR to have an unbiased sample of the types of situations. Each partnership chosen possessed a clear structure its base: a local authority (Département de l'Hérault); a 'country' (Périgord Noir, Pays de Valois); a comité de bassin d'emploi (Pointe des Ardennes, Ussel, Roubaix, Albertville); a PLIE (Saint Herblain), a local office for employment (Molsheim Shirmek); or an administrative body (Commissariat à l'aménagement du territoire de La Réunion). This sample offered very different situations in terms of structures, sizes and level of unemployment (the rate of unemployment varied from 7% in Molsheim to 49% in La Réunion). The underlying principle of the choice was to deal with unemployment, whatever the part of the French territory. But the relative importance of the Comités de bassin d'emploi corresponded to the fact that partnership was very often developed through this framework.

TABLE 1 – CHARACTERISTICS OF THE FRENCH TEPs

	POPULATION & DENSITY	RATE OF UNEMPLOYMENT	SUPPORT	EUROPEAN OBJECTIVES
ALBERTVILL	100,000 39 h/km ²	11%	C.B.E.	3,4,5b

E				
Hérault	900,000 117 h/km ²	19%	Conseil Général	2,3,5b
Molsheim Shirmek	98,000 117 h/km ²	7% (<25 Years : 25%)	Mission locale pour l'emploi	3,4
Périgord Noir	75,000 37 h/km ²	12,5%	Pays	5b
Pointe des Ardenes	34,730 126 h/km ²	20%	C.B.E.	2
Hauts de la Réunion	118,000 59 h/km ²	47%	Commissariat à l'aménagement	1
Roubaix- Tourcoing	419,000 2000 h/km ²	18,2%	C.B.E.	2
Saint Herblain	62,000 807 h/km ²	16,6%	P.L.I.E.	2
Ussel	37,000 21 h/km ²	9,5%	C.B.E.	5b
Pays de Valois	50,000 66 h/km ²	9,2	Communauté de communes	3,4

Source : Data from DATAR and Comité de coordination des comités de bassins d'emploi

The procedure was with regard to time consuming at the national level due to the important change in government during spring 1997. But as soon as the new administration was operating, the procedure was accelerated and the expected TEP locations confirmed. The first decision letters arrived during fall 1997 and all the Action Plans were agreed on by fall 1998.

TABLE 2 – AGENDA OF THE FRENCH TEPs

	INITIAL LETTER FOR TECHNICAL ASSISTANCE	FIRST TECHNICAL ASSISTANCE	APPROVAL OF ACTIONS PLAN
ALBERTVILLE	05 / 11 / 97	17 / 02 / 98	12 / 10 / 98
Hérault	11 / 12 / 97	17 / 03 / 98	04 / 08 / 98
Molsheim Shirmek	1 / 11 / 97	05 / 01 / 98	26 / 10 / 98
Périgord Noir	17 / 12 / 97	May / 98	25 / 06 / 98
Pointe des Ardenes	14 / 08 / 97	September 97	11 / 05 / 98
Hauts de la Réunion	09 / 10 / 97	March 98	17 / 09 / 98
Roubaix- Tourcoing	14 / 08 / 97	October 97	30 / 01 / 98
Saint Herblain	14 / 08 / 97	September 97	03 / 03 / 98

Ussel	17 / 12 / 97	April 98	15 / 06 / 98
Pays de Valois	05 / 11 / 97	23/ 01 / 98	06 / 10 / 98

Source : Data from DATAR and Comité de coordination des comités de bassins d'emploi

3 – Policy and intervention context at the start of the Pact

Due to the very different levels of the French TEPs, it is difficult to deliver a systematic description of their policy and intervention context. If we except the case of Hérault, which corresponds here to the highest level of administrative structure, we can summarize the situation with the following statements:

- The employment public policies are generally organized at an administrative level very superior to the Pact level, and the training policies are organized at an even superior one; employment policy is organized at the department level (89 for France); the training and vocational training policies are organized at the regional level (22 for France). Only for one TEP was this correspondence with regard to well fitted (Montpellier-Hérault)
- The entrepreneurship policies are both public and private. The public policy is with regard to limited and consists mainly in the distribution of some subsidies. The private or NGO initiatives are more dynamic. One of the most dynamic that was used by the TEPs was the support for the creation of small businesses by the platform named Platform for local Initiatives (Plate Formes d'Initiatives locales, PFIL). The PFIL is supported by the National Network France Initiative Réseau, which administers resources coming from different Banks or Saving Funds to back individual projects. Other networks also exist, such as ADIE, which has approximately the same strategy in favour of business creators, in favour of stakeholders with very low incomes and/or the unemployed.
- The local development policies are not well developed in France, and it would be impossible to identify them at the National level. Even the DATAR, which is the main body responsible for formulating the territorial public policies, does not highlight the theme of local development. Nevertheless, the DATAR has progressively developed a new view: stressing the importance of local solidarities and connections that do not fit with the traditional administrative divisions, such as villages, municipalités or départements. Therefore DATAR has shown that some areas such as pays (generally a subset of a département integrating different communes) or agglomerations (a urban area connecting an important core city with many adjacent municipalities) are more relevant for organizing local development strategies in a perspective which is very close to the TEP one. For the DATAR the traditional local authorities are not able (or do not really want) to develop local development policies since they do not fit with borders defined more than two hundred years ago. These new structures were recognized by successive law, starting in 1995 and ending (up to now) in 1999.

- At the local level, the local authorities have progressively developed policies to sustain development with an increasing emphasis on the employment challenge. As said before:
 - The regions in charge of economic development and vocational training initiate some actions for the modernization of the businesses;
 - The departments in charge of the social aid try and substitute active instruments to passive ones, since an increasing unemployment drives to an increasing social aid;
 - The municipalities are dependent on economic and social integration and they organise public and private actions based on this goal.

4- Attitudes of National, regional local authorities towards the TEP Programme

4- when the TEPs were created there were no marked attitudes in favour or in opposition to them. In reality, very few stakeholders knew (and still know) the existence of this initiative. For the DATAR as for the Ministry of labour, this was mainly an initiative of the Commission. It was difficult to find at that time any declarations of the officials responsible or any press articles dealing with the TEPs. At the local level in the areas where they were created, they were almost unknown or in some areas considered as a process to obtain Structural funds from the Commission. According to all the French TEPs coordinators, they had to spend a long time explaining the role and the objective of the TEPs.

A much easier way to explain the interest of the TEPs was to introduce them as a lever for benefiting from S.F. This could be more appealing for a very specific reason: in France the SFs are mainly designated through a very bureaucratic procedure, and very few stakeholders know their existence and moreover understand the processes to benefit from them. Therefore many local actors understood that one by-product of the TEP would be to facilitate their access to the SF.

5 – Attitudes of other actors

5- Generally the social partners have accepted the TEPs well, at least once they knew and understood them. The trade unions had no problems and they have generally seen in the TEPs an opportunity to better analyse the problem of employment. They found in the TEP an opportunity both to correct the systematic French bias in favour of centralization and to mobilize the local actors more actively.

Some of them (CFDT, CGC) found in the TEP the opportunity to input into the content of the ideas developed by the Comités de bassin d'emplois, and to transform this information-disseminating structure into a more decision-making body. Even some more traditional trade unions (CGT, CGT.FO), which have always considered that unemployment was a State's responsibility, have accepted the underlying principle of the TEP.

For business, the problem was slightly different. Business did not trust processes where they could not defend their interest. They are traditionally opposed to a division of responsibilities and suspicious of any process mobilizing 'partnership'.

At the local level, things differed according to the supporting structure:

- When the TEP was supported by an existing partnership structure such as a Comité de Pays, the TEP was with regard to easily welcomed. For example, in Pays de Valois, the businesss were rapidly involved, probably because the TEP proposed to them some new types of actions that did not overlap with the traditional responsibilities of the public authorities.
- When the TEP was supported by a more political structure such as a Conseil Général or a Municipality (which are managed by elected representatives), the TEP was considered differently. It became part of a political activity. Experience shows that when the TEP was actually working, that attitude became more positive. In Montpellier-Hérault, the main private companies were with regard to reluctant to participate in the TEP, and at the start the main participating employers were public employers (Universities, Hospitals, and so on). Very slowly, when private companies have seen that the TEP was something else than the Conseil Général, they agreed to enter the system.

I – 2 Overall Pact Performance in the Country

1 - The four broad programmes objectives

The TEPs have generally met the four objectives well but with differences between them and with regard to their objectives.

A - Partnership

The TEPs have strongly contributed to the enrichment and increasing effectiveness of the partnership. In France, many partnerships had already been developed before the TEPs. But these partnerships were more focused on information or some action in favour of target groups than at the level of a whole territory and in terms of integration. The TEPs offered the opportunity for defining and implementing projects without having to change a role or an institution.

Differing dynamics of Partnerships

The dynamic of the partnerships has differed according to the supporting structure or the nature of the area.

a) According to the supporting structure, two types of situations have appeared:

- When partnership was backed by a structure such as a Comité de bassin d'emplois or a PLIE, it appeared very open to the different actors of development and employment; If we look at the initial list of partners in Albertville (Comité de bassin d'emploi) or Saint Herblain (PLIE), we see a much wider variety of actors and sectors than in Montpellier-Hérault (Département). The difference deals mainly with the response of the private companies and the non-profit sector. But this difference changes with time and may be reduced when the TEP has good results, which was exactly the case with the situations just quoted.
- When a partnership was backed by a structure such as a Conseil général or a Conseil Municipal, it appeared much more closed and selective with respect to the potential agents of development and employment. The partnership was only enlarged in the medium term. In

Hérault, the partnership organized actors from the third sector for the new integrated TEP when this would have not been possible at the beginning. As a counterpart, these partnerships benefit from more resources to implement their actions since they benefited from the very high intervention budget from the Département.

b) According to the nature of the area, we have a distinction between the Objective 3 area and the multi objective area:

- When the area is only objective 3, the partnership is focused on employment, and its success depends on the quality of the strategic relationship between the supporting structure and the Direction départementale de l'emploi. In Saint Herblain, the success of the TEP resulted from two related facts: the objective of the TEP was only related to employment, and the levers of employment were considered in a very open way by the coordination team. Therefore they could open a debate with the Direction départementale with the same objective but with new mechanisms or tools that were not yet used by the Direction départementale.
- When the area has various objectives (2b, 3, 5b), the partnership is more comprehensive and may have a different equilibrium structure. In Montpellier, which is both a metropolitan and rural area, there has always been some discussion in terms of priorities and tools, which induced a longer time for decision and implementation.

What were the main obstacles met by the French TEPs ?

The main difficulty dealt with was the participation of businesses. Many actors did not realise that the target market of a business does not necessarily correspond to its Territorial Pact area.

- This was evident for the important private companies, and they did not really participate in the TEP, even when they were the dominant agent in that area. This participation appeared mainly in relation to real estate problems: as the experience of Saint Herblain has shown, this was a very pertinent opportunity for opening a dialogue: the TEP can facilitate the solution of the real estate problem (indicating some spaces, accelerating the authorizations, etc.), and in counterpart, the TEP has made these businesses more sensitive to the creation of jobs and the opening of these jobs to traditionally discriminated groups.

- This mismatch between the area of the TEP and the area of the enterprises was relevant for the SMEs too, and this fact was more surprising. Many TEP partners did not consider that small businesses do not necessarily target a purely local area. The more dynamic the SMEs, the larger their area of influence. This mismatch was important and it explained why these businesses were generally reluctant to take on responsibilities that did not fit with their own target area of interest.

This had two consequences:

- The participating businesses were mainly public works businesses and trade centres. But the associations providing related services were generally mobilized, with some differences according to the nature of the partnership.
- The actions in terms of entrepreneurial culture was mainly focused on actions devoted to the creation of new businesses, whatever their sector of activity. It is very interesting that the real innovative actions in this field were mainly the plate formes d'initiatives locales.

Another main difficulty resulted from the partnership overlapping. There exist here different illustrations:

-the most important difficulty may come from the coexistence of the TEP Action Plan with the LEPS Local Plan. Overlapping currently exists whatever the level considered, which was not yet the case when the TEPs had started. Normally the two focuses should be different: the first one considers employment through an integrated development approach. The second focuses on target groups and long term unemployed stakeholders, and deals more or less as a classical employment strategy. For example in Nantes or Montpellier, the objectives of the TEP differed slightly from the national objectives which are mainly defined in terms of feminine discrimination or long term unemployed stakeholders. But in order to improve this local plan, the LEPS has more and more integrated development elements, and in some areas the two exercises and partners are more or less the same.

-another difficulty comes from the fact that many local authorities, mainly the Conseils régionaux, have organized their own system of local Plan, defining their own limits, which do not fit with the limits of the existing plans and partnerships. For example, in Albertville, the area of the TEP was subdivided between two areas with one specific plan for each one. Sometimes these strategies benefit the TEPs since their limits correspond. But more frequently these strategies split the TEPs or overlook them (operating at a more significant level), and this makes the design and implementation of the action plan much more difficult.

B - Bottom up approach

In the context of the French employment policy, which is a traditionally top down approach, this dissemination of a bottom up approach was highly relevant.

First we have to understand the traditional position. In France the development of the regulations on labour and employment was implemented based on the equality principle: whatever the activity or the part of the territory considered, stakeholders have to benefit from the same rights and constraints. The problem here is not to argue with this position but to understand its consequences:

- every time an initiative is taken from the local level, which differentiates the treatment of the stakeholders from one area to another, this initiative is systematically suspected of discrimination. A good illustration of this tension is the French debate between the *Droit du travail* and the *Droit au travail*.
- many local initiatives were organized as implementing the top down approach; instead of having a 'partnership' between top down and bottom up approaches, we have a kind of permanent mismatch. The smaller the territory, the clearer the paradox.

This very traditional behaviour is now slowly changing and a great advantage of the pacts was to distil the benefit of a bottom up approach in a constructive way. In the TEPs, the bottom up approach has always been considered as a process to establish better information and better mobilization of the actors. Bottom up without integration and partnership would have encouraged protectionist behaviour. But according to the experiences of the French TEPs, Bottom up was associated with integration and partnership and this has increased the overall effectiveness of local employment actions.

Another danger of such an approach is to deliver some unrealistic projects. There is a permanent bias in this bottom up approach: to believe that coherence can be realized at the level of small territories and to minimize the role of the external effects, either in terms of development or employment. But the development of the TEPs has shown that the partners were very conscious of such a risk, considering more and more that the labour market is increasingly less local.

- at the end of their TEPs, many actors have asked for an extension of their programme: this was the case for Saint Herblain (which was realized at the level of the Nantes agglomeration), and it was the case for Albertville which considered that the local employment market should be considered more extensively.

- some areas have seen that their problem can be solved only through audacious strategies mobilizing very remote territories (This was the answer of Albertville to the challenge of seasonality, which created some partnerships with cities from Bretagne);
- other areas have considered that the reorganization of their own labour market and working conditions has to be defined in relation to other labour markets and working conditions (Pays de Valois).

In conclusion, the TEP bottom up approach had a very positive consequence: it corrected a traditional and costly flaw in French policy.

C - Integration

There is general agreement on the benefit of the TEPs in terms of integration. All the partners recognize that the main interest of the Pact was to associate on a voluntary basis in such a way that both project design and implementation were a success.

Integration was not a new idea in the French context, and for more than ten years employment policy had been delivered in the direction of young people or long term unemployed stakeholders and had insisted on this need for integration. The ‘Missions locales pour l’emploi’ were established in order to manage such an integration.

But faced with this policy development, the TEPs have shown interest in the integrated approach, and this was with regard to new. Quasi systematic examples can be found in the domain of related services: it was shown that in order to develop a coherent strategy it is necessary to have actions both on the demand side and the supply side. This was not easy, but it worked. (Albertville, Montpellier).

D - Innovation

If we consider the results of the TEPs we see many innovative actions and many traditional actions. When we scrutinize the process of project design, we see the introduction of some innovative elements, which transform traditional design.

Let us give some examples:

- Let us consider the domain of related services:
 - In Montpellier the TEP defined a coherent and comprehensive strategy for delivering related services. They introduced promotional materials for tourists in order to let them know the existence of such a service, expecting from that a subsequent demand for these services and a consolidation of the system. This happened because various actors have enriched the traditional vision of the related services, whereas different types of actor would have probably developed a more traditional approach.
 - In Saint Herblain, they considered that to develop the related services they have to use the main meeting point of the residents, i.e. the supermarkets. Therefore they decided to organize and popularise such services by creating an association located in front of the supermarkets.
- Let us consider the domain of business support
 - In Pays de Valois and Albertville they decided to create Plateformes d'initiatives locales. They considered that the best process to attract business into participation into the TEP was not only to ask for new jobs but also to associate them with the development of an entrepreneurial culture. And actually business has participated actively in this first project, which has facilitated thereafter the mobilization of business for other projects.
 - Saint-Herblain was able to organise a good partnership with business by considering that they have to connect with them as soon as they are established. This was a success, the innovative element being to match the demand for real estate to information on the local area.

These examples show that there is permanent interaction between innovation and integration: innovation is partly the result of good integration; integration is motivated by the necessity of finding new solutions. But one thing is certain: what is considered innovative for one territory will not be considered as such in another. Innovation starts really at the level of the process of the TEP.

2 – Added Value of the working methods and actions adopted by Pacts

As we said before, the working methods of the Pacts were recognized as adding value. We can discuss the dissemination of these working methods, or their impact relative to the TEPs considered:

In the first one, added value is attributed to the fact that the pre existing partnerships found the legitimacy and resources they needed in the TEP. This was often the situation when the TEP was supported by a pre existing structure already involved in this kind of process (mainly the Comité de bassin d'emploi or the PLIE).

In the second situation, the added value is attributed to the dissemination of totally new ways of operating in a territory where the employment actions were only organized through traditional administrative management.

A second type of added value lies in the nature of the actions stimulated by the TEPs. Two points should be stressed:

- one recognized effect of the TEPs was to change the relative share between active and passive employment actions, for a very simple reason: active measures have to mobilize the information and resources delivered by different actors, and one characteristic of the TEPs is to agglomerate such resources and information. TEPs made active measures more effective than before. In Saint Herblain, a new process

for creating jobs was organized into a supermarket since it was the only way to inform stakeholders about the supply for new services and to know the exact demand for such services. This was the result of a discussion between local actors on the nature of the services, the choice of the corresponding information and the physical conditions.

- another effect of the TEP was to change the focus of employment policy by stressing the role of the creation of new activities, businesses and jobs. This is exactly the translation of the European Strategy for Employment, and this was very important. In Saint-Herblain, they considered that the priority task was to create new activities.

There was another added value. The use of the SF was more effective and efficient. This statement does not appear in the answers of the local coordinators for a very simple reason: the use of the SF depends totally on the State administration and is entirely concentrated at the Préfecture de Région level, far from the the TEPs (with two main exceptions: Montpellier and La Réunion).

A last remark will confirm the previous statements. No TEP has complained about the working methods chosen by the Commission. Some of the TEPs have argued about the amount of the technical assistance or the bureaucratic procedures (which is always the case in France whatever the procedure) but they all agreed on the added value the TEPs brought in terms of thinking about the problems of employment in integrated terms at the territorial level.

3 – Deadweight / Displacement effect

These problems have not been really underlined, either at the national level or at the local one. This does not mean there are no problems. But the TEP programme has mainly acted as an element of clarification in the French system: instead of creating false competition and displacement effects, it has contributed towards co-ordinating efforts and probably towards preventing displacement and deadweight effects. The fact that the TEP had to find some funds obliged it to work in cooperation with the other stakeholders.

With regard to deadweight effect, there were no complaints. The design of the TEP was rather flexible relative to other national demands and the implementation process did not involve excessively bureaucratic procedures.

With regard to displacement effect, it is difficult to say whether the TEP created this effect. Many of the measures undertaken were new or re-specifications of old measures.

The main concern about displacement was related to the problem of coordination between the TEP Action Plan and the LEPS local plan. The LEPS had the objective of improving coordination between the different policies and partners acting at the local level in order to solve the problems of unemployed stakeholders and other sensitive target groups. This objective overlapped with the TEPs. This overlapping became a source of confusion when the two levels fitted together. This was the case for the Montpellier and Roubaix-Tourcoing TEPs.

According to some representatives of businesses, a deadweight effect existed in some TEPs due to the excessive number of irrelevant partnerships.

But where the TEPs existed they appeared much more as an element of rationalization. Moreover, most of the coordinators have tried not to formalise their procedures too much in order to be more flexible and efficient.

4 – Identification of Pact Catalytic effects in the territories in which they operated

A - Creating new partnerships

As mentioned before, the dynamics of the partnership are related to the nature of the initial supporting structure. When this structure was a local authority or an administration, the partnership was very institutionalised at the start. The challenge is then to know if this partnership could change with time, which was the case for Hérault-Montpellier, Pays de Valois, but much less for Pointe des Ardennes, Hauts de la Réunion and Périgord Noir.

When this structure was a comité or a PLIE, the situation was more open and flexible and the challenge was to coordinate the three key partners: Business, NGOs and LPES. There were different evolutions as indicated in table 3. This was difficult, and only one Pact really succeeded in coordinating partners: Saint Herblain.

Table 3 summarizes the main changes. Some of them deal with organizational structures; others with the composition of partnerships; others with the change of the territorial boundary; and some more than one (e.g. Saint Herblain has changed both its dimension and its organization). The general trend was towards increasing institutionalisation.

TABLE 3 –DYNAMIC OF PARTNERSHIPS

	CHANGE OF PARTNERSHIP
ALBERTVILLE	Extension to NGOs
Hérault	Change at the end of the TEP
Molsheim Shirmek	Extension to businesss
Périgord Noir	Extension to NGOs
Pointe des Ardennes	Limited
Hauts de laRéunion	Limited and Weak
Roubaix- Tourcoing	Extension to LPES
Saint Herblain	Extension to businesss & all other relevant actors
Ussel	Limited
Pays de Valois	Extension to businesss & LPES

B - Creating more projects

TEPs have generally been the initiators of many new projects. This result may be explained by the better quality of information and resources available to them, and to the opening of discussions with the perception of success.

The main problem is establishing whether they have increased sustainability and effectiveness. Two remarks should be made here:

- Some of these projects were not totally new but their specification in relation to the local context was new.
- The creation of new projects did not imply their rapid implementation. Many of the planned projects were implemented at the end or even after the end of the TEP.

C - Drawing down structural funds

In opposition to other member states, the French TEPs have not to be considered as a strong lever for accessing SFs for a very simple reason: access to SFs is directly managed by the Préfecture de Région – and indirectly channelled through the Direction départementale,- which are not the levels at which the TEPs were organized. This shows that it is difficult even to establish a link between the TEPs and the SFs for French TEPs. Moreover, we have to remember that in France there is no Objective One (only in the Réunion) and most TEPs are Objective 3 regions.

Table 4 gives an idea of the drawing down of SFs for the period related to the official TEPs. If we take into consideration 2000 and 2001, we would have higher values.

We have computed the leverage effect of the SFs, which is possibly more relevant than the absolute value of the SF levered (Table 5). Care should be taken in interpreting this. Albertville shows a low leverage effect because many of the actions were already funded by the SFs, with a complement from the national authorities. At the opposite end, Pays de Valois shows a quite strong leverage effect since the main actions of Pays de Valois dealt with the creation of a better environment and the creation for funding mechanisms which could be progressively mobilized (such as the Plateforme d’initiative locale). Probably, the two last situations with closer leverage effects <2.5 – 3.2> are more representative of what could happen.

TABLE 4 –DRAWING DOWN STRUCTURAL FUNDS

	S.F.
ALBERTVILLE	Important from Ob.3
Hérault	Important, Ob. 2&3
Molsheim Shirmek	Few Funds
Périgord Noir	Small contribution from Ob.2
Pointe des Ardenes	Limited
Hauts de laRéunion	Important, from Ob.1 (but few relation with the TEP)
Roubaix- Tourcoing	Important from Ob.3
Saint Herblain	Important from Ob.3
Ussel	Limited, from Ob.2
Pays de Valois	Very limited from Ob.3

TABLE 5 – LEVERAGE EFFECT OF THE STRUCTURAL FUNDS

	S.F.
ALBERTVILLE	K = 1
Hérault	K = 3.2
Saint Herblain	K = 2.5
Pays de Valois	K = 4

Note: The ratio K, is the amount of structural funds by the amount of local funds mobilized by the TEP

The difficulty in interpretation makes it difficult to assess the same leverage effect of the local resources. A general statement can be proposed here: where the TEPs were realized, more and more local resources were devoted in favour of more active development & employment actions, without any crowding out effects for the other uses. Since the actions were new and efficient, local bodies have undertaken new measures without reducing their contribution to the old previous ones.

5 - Employment and Development impact

Demonstrating these impacts is highly difficult. The first reason is the strong differences in information delivered by the various TEPs. At the national level, only five TEPs have delivered information, of very different quality. This has to be linked to the fact that the TEPs did not receive any precise guidelines from the National experts.

We have to recognize that this point is made more difficult for two additional reasons:

- The statistical system of the INSEE is organized at the département level, which is not the operational level of the TEP (with the exception of Montpellier-Hérault).
- The Local authorities may act in the field of employment but legally they cannot directly support job maintenance or creation: they may only act in terms of indirect support: this simple legal regulation has prevented any effort to assess their direct employment impact.

To give an idea of this impact we shall consider the four areas scrutinized. Their information did not fit each other, and we have retained the three following categories:

- I : Direct creation of jobs through the development of related services,
- II : Direct creation of jobs through the creation of new businesses
- III : Materialization of jobs through a better match between demand and supply for labour; creation of full time jobs by the groupements d'employeurs; and so on.

When we look at the results (Table 6), we see three important results:

- Less for Montpellier Hérault, which was a much bigger area, the relative effect in terms of jobs is approximately the same.
- The structure of the two TEPs supported by a local partnership (Albertville & Saint Herblain) is close, and opposite to the structure of the two TEPs supported by Local authorities (Montpellier-Hérault & Pays de Valois). The difference lies mainly in the relative importance of traditional employment actions (The relative share of III is much more important for Hérault and Saint Herblain).
- In terms of development (Which is mainly represented by the relative share of II), the two TEPs based on more open partnership structures are more efficient (Albertville & Saint Herblain). This result was recognized and stressed in the assessment of Saint Herblain in a

different way: the Report states that the TEP was efficient since it has pushed actions which were more promising in development than the traditional ones.

TABLE 6 – EMPLOYMENT IMPACTS

	NUMBER JOBS	I	II	III
ALBERTVILLE	400 (0.04%)	140 (35%)	120 (30%)	140 (35%)
Hérault- Montpel.	1042 (0.015%)	179 (17.1%)	162 (15.5%)	701 (77.4%)
Saint Herblain	395 (0.05%)	138 (34.9%)	173 (43.7%)	84 (21.2%)
Pays de Valois	234 (0.04%)	10 (4.2%)	60 (25.8%)	164 (70%)

Source: Personal estimation starting with the data collected in the final reports and interviews (See specific TEP Reports for primary data))

It is naturally difficult to state that all these creations are the direct result of the TEP since, as previously mentioned, the macro economic context was very positive during that period. But it may certainly be said that the differences between these data can be explained by the alternative organizations of the TEP.

6 - Commentary on outcomes on the way to achieving employment and development outcomes

- Generally, the situation of the Labour Market is better at the end of the TEP and on average the rate of unemployment has decreased by approximately two points. But this satisfactory result is conditioned by the fact that:

- The macroeconomic situation in France as a whole has improved during this time;
- For some TEPs, long-term unemployment has decreased (Saint Herblain & Pays de Valois). For others, the rate of long term unemployment remained approximately the same (Albertville) .

- The Local employment policy framework at the end of the Pact had changed since many more actions were undertaken taking into consideration the four principles underlying the TEP. Partnership was unanimously considered as an opportunity. In a sense we can say that a new culture for employment was instilled by the TEP programme. But this is probably much more true for the large TEPs than for the smallest ones which have not experienced this change.

- At the end of the programme, co-operation between the local actors was improved. There is a general recognition of this fact. The TEPs contributed to an increased understanding of the local environment and the needs of the local community. Links with other levels of government and national level actors were richer than before since the TEPs offered a more comprehensive vision of their territories and an opportunity to discuss the employment problems. But in some TEPs where the coordinator has frequently changed, this was not the situation, since the change of coordinator prevented the assimilation of this new culture (Molsheim).

7 – Problems / Obstacles faced

The problems and obstacles are more often related to the environment of the TEP than to their very content. TEPs were always considered as positive instruments (at least the 4 that were studied), and we met few complaints about their implementation.

Among the problems, we may underline:

- The lack of directives from the national level at the start: a lot of information came from the Commission, much less from the DATAR;
- The difficulty of obtaining information from the National experts; in fact the coordinators did not consider their input as significant. The answers from the National experts were considered by the coordinators as too loose and non-operational. They considered that the main support came directly from Brussels and the international meetings.
- The difficulty in making the smallest territories understand their role and their objectives to their regions or départements.
- For some of the TEPs a traditional administrative approach made the implementation of the partnerships more difficult.
- For some of the TEPs the lack of supportive attitude from the LPES.

Among the obstacles, we may underline:

- The difficulty of mobilizing structural funds since there existed National procedures, which did not consider the TEPs at least at the start;
- The difficulty of mobilizing business;
- The with regard to small size of the territories to sustain relevant actions, which may be recognized through the fact that many TEPs have asked for an expansion of their area.

I – 3 Sustainability, Mainstreaming and Multiplier Effects

1 – Mainstreaming and Multiplier Effects

Council regulation 1260/1999 of 21st June 1999 advised that Member States and different partners should bear greater responsibility for the design and implementation of structural funds interventions, which implies transparency, monitoring, assessment and financial control and enhances the local participation of local and regional actors in charting structural policy. In a sense this is a kind of generalization of the successful experiences of the Pacts. This meant that not only the previous Pacts should continue but that these experiences should be extended under the responsibility of the Member States. This strategy highlights some of the specific provisions that can have an impact on territorial Pacts: in the ESF (art.2.2 and 4.2) and in the ERDF (art.2.1). For the French TEPs, an important resource will be Measure 10 of the Theme 6 of the ESF that created an opportunity for funding the continuation of the TEPs (or the creation of new ones). There was an internal French debate to know if the ‘official TEPs’ could benefit from it. The Ministry of Labour did not want to open this opportunity for the old TEPs but after discussion the DATAR defined a policy: every pact, new or renewed, should benefit from this provision.

These recommendations have favoured the development of an important agreement between the DATAR and the General Strategy for Employment & Vocational Training (9/1/2002). This agreement recognizes the fundamental link between ‘a more territorial

approach of development’ and ‘a comprehensive approach of employment’, which is quite innovative at the National level. This agreement organizes a permanent partnership between the two Institutions to back the territorial approach for employment. Many processes and procedures are organized to monitor the administrative actions, deliver guidance on the constitutions of TEPs, assess the results, solve the problems of mobilization of the funds, and disseminate the results.

The importance of this agreement deserves attention since there was no formal agreement at the beginning of the TEPs in 1998. Therefore, it shows a consolidated interest from the National authorities for the TEPs approach;

The objective of the DATAR is to have about 40 TEPs, new or renewed, and two main sources of funding will be mobilized:

- for the TEPs located in the objective 2, the DOCUP Objective 2;
- for the other TEPs the DOCUP Objective 2, Theme 6 Measure 10A & B.

Since the scale has changed the DATAR has produced operational guidelines in co-operation with the DGEFG. Another source of dissemination of this initiative may be found in the implementation of the DG Employment Programme : Local Action for Employment (B5-5030). This action tends to create PAL (Plans locaux pour l’Emploi) and a French network (Association Ville Emplois) is organizing this new kind of experimentation.

TABLE 7 – FUTURE OF THE FRENCH TEPs

	CONTINUATION	DEMAND FOR TECHNICAL ASSISTANCE	DISSEMINATION IN THE ENVIRONMENT (new TEPs in the same area)	FORM OF THE TEP
ALBERTVILLE	Yes	Yes	No	Without Change
Hérault	Yes	Yes	No	No change
Molsheim Shirmek	No	No	No	Ended
Périgord Noir	Another form	?	No	To define
Pointe des Ardennes	No	No	No	Ended
Hauts de laRéunion	No	No	No	Ended
Roubaix-Tourcoing	Another form	?	Yes	To define
Saint Herblain	No – Change of scale and organization		Dissemination of the process on the Greater Nantes area	Association
Ussel	Another Form	?		Association
Pays de Valois	No	No	Light	Ended

This mainstreaming in SFs in 2000-2006 is probably more important now than it used to be when the TEPs were created, because in France the access to the Structural funds was very difficult. The SFs are managed by a specific office, the SGAR (Secrétariat Général aux Affaires Régionales). This office is with regard to new in the French system and it was created in order to facilitate the cohesion of public policy at the regional level. This is a central state office decentralised at the level of regions. Its access is not evident and small structures such as Comités de Bassin d'emploi or even Communautés de communes have difficulties in mobilizing these structural funds if they are not offered *a priori*, either by the central state or by the regional council. This is why analysis of the TEPs (through the applications for having a Pact) shows that the consideration for sourcing SF was not a dominant one. After almost three years, many TEPs have experimented with use of the SF. Moreover, some TEPs considered that this is now the main interest to continue a TEP, which was not the case three years ago. There is an additional factor due to the use of the objective 3:

- the SFs may be used for financing the PLIEs, which was not that easy up to now: this will favour a majority of TEPs;
- some technical assistance credits are now available due to the programme 'Acting locally for Employment'. This point is important and many PLIEs justify their continuation by the opportunity of using such credits to finance the wages of their technical team, partially (Montpellier) or totally (Albertville). It is not necessary to take the form of a TEP to benefit from such credits.

Anyway, this attitude direct or indirect is not systematic. Many territories are only objective 3 and many of these will not continue with the TEP: Pays de Valois does not consider its access to the SF as justifying a TEP.

2 – Other replication and Multiplier Effects

As already shown some of the existing TEPs are now continuing. Even when they dropped the TEP, they kept on the rationale of the TEP. This is due to two factors:

- Some of the Initial TEPs have considered it better to expand their territory and to exceed their initial design, agglomerating new areas, actors and actions and taking a more comprehensive focus (This is the case of Saint Herblain)
- Others prefer to develop a better connection through the Plan local of the Local Public Employment Service. But the logic and the dimension of the TEPs are always at the core.

As said earlier, there is an incentive at the national level and the DATAR has organized itself to support and assist forty projects. Some regions are quite interested: Ile-de-France, Haute Normandie, Centre, Nord Pas-de-Calais, and some departments are particularly interested, such as Meuse, Côte d'Armor, Charente, Martinique, Essonne.

An important replication example is offered by the Région Provence Alpes Côte d'Azur. Without any explicit reference to the TEPs, this Region has decided to develop a series of 'TEPs Territoriaux pour l'Emploi' on its territory and to give them a high impact by integrating this programme in the Contract between the State and the Region (Decision, 26/10/2000). They consider that the number of TEPs could be approximately between 25 and 30 (with an average population of 100,000 inhabitants). This project is disconnected from the European TEPs, but it is inspired by the experience of the TEPs and fits exactly with its objectives: Partnership, a bottom-up approach, integration and innovation. These initiatives will be organized through three successive steps: a diagnostic of the development perspectives; a Territorial project focusing the employment projects in the perspective of the global development of the territory; a process of monitoring and assessment. In order to

implement these initiatives, it is required to mobilize the local actors, to strictly define the project and to organize a validation process. They should be defined on the period 2000-2006 with a first Action Plan during the period 2000-2003. Every TEP will receive 40,000 euros for the technical preparation and approximately 130,000 euros for coordination (This is the only point when an explicit reference to the European TEPs appears). With regard to the funding, the Decision recommends intertwining all the various funds that can be mobilized: European or French, central or local.

3 – Necessary conditions for sustainability

The atmosphere is now very favourable to the TEPs in the sense that their underlying principles are accepted everywhere. Some doubts remain on various projects: many officials consider that the innovative dimension cannot reduce the Working Laws enforcement and they consider that the “right to employment” must not reduce the “Labour Rights”. This is concentrated in the Administration and some Trade Unions.

Another problem that can weaken sustainability lies in the fact that every local authority is now creating its own partnership : municipalities create their specific partnership; Municipalities’ networks create their own partnership; Departments create their own partnership, and so on. Partnership has become a foggy concept, considering the number and variety of partnerships.

For the coordinators, technical assistance is less a problem than financial assistance. Now, competencies for preparing a local diagnostic or defining coherent actions are well disseminated all over the territory, but there is always a need for funding, as illustrated by the expectations from the Conseil Régional Provence Alpes Côte d’Azur. Considering this last, this region, which is not one of the richest, made a commitment to provide 100 million euro, which looks unrealistic.

But very likely the main condition of sustainability deals with the connection between these TEPs and the Action Plan defined by the Local Public Employment Service. Five years ago, there was no problem. TEPs were a with regard to marginal innovation in the general context, and the LPES did not begin to implement their own local Plans. Now, the situation is quite different. There still exists some differences, e.g. the fact that the Plans locaux are presented much more in terms of target groups and mobilization of public subsidies than the TEPs were. There is a relative complementarity since the TEPs are focused on local development whereas Plans d’action are thinking more in terms of employment tools. But partners are approximately the same and the ultimate scope should be the same. The connection has to be correctly managed in order to prevent the weakening of both the partnerships and their actions.

4- Lessons learned

Many lessons were learned from the experiences of the French TEPs:

- Partnerships have a cycle. After increasing activity, many partnerships are more or less institutionalised. Many partnerships are transformed at the end of the TEP, and three scenarios were possible: the end of the TEP but the survival of the partnership as a new way of tackling problems; the territorial extension of the partnership in order to give it more effectiveness; or a new formalization of the partnership.

This is quite normal. In France there is an oversupply of institutions (public or private) and partnership is considered as a lever to create more synergy between these institutions. In the first instance, this is very efficient. In the second instance, we see the exhaustion of these efforts and the progressive recuperation of good practices by the more traditional institutions.

- Partnership shows two different logics according to the nature of the supporting structure.

- When the structure is a structure closely linked with a local authority, such as department or municipalities, the partnership benefits from a strong basis in terms of technical assistance, monitoring and communication opportunities. But the content of this partnership is difficult to organize due to the fact that the decision centre is always a local authority. This is reflected in the nature of the TEP where some grass roots organizations have difficulties in being fully considered, and where the idea of assessment is badly received

- When the structure is based on more open institutions such as the *Comités de bassins d'emplois* (or some PLIEs) things are different. Partnership is with regard to weaker than in the first situation (which makes the technical assistance of the Commission very strategic) and may have a problem of legitimacy at the local level. But the content of the partnership is more open and creates opportunities for many actors.

- The experiences of the TEP programme showed the difficulty of mobilizing big business. Very often these companies, which have structured the local labour market in the past, are multi-nationals, the priorities of which overpass totally the territory of the TEP. Even informal participation of their executives as persons and experts is very difficult to mobilize. But it is necessary to benefit from this participation as far as possible and one of the best ways seems to be the connection with new companies when they arrive on a territory and start by dealing with some real estate problems(See above: the description of the strategy of the Saint Herblain TEP).

- The size of the territory cannot be too small. Many TEPs have considered that the relevant territory should be probably higher than the one initially defined. Two reasons may explain this statement:

- The space of the local labour market is wider and wider, due to mobility facilities.

- The best partnership is a partnership that aggregates various resources and experiences.

- Increasing size of the relevant territory faces an obstacle. The LPES has to organize its own Action Plan (named local plan) at local and department levels. Normally this Plan is focused on the problems of target groups and long term unemployed stakeholders whereas the TEP is more comprehensive. But when the size of the TEP increases, the two contents overlap one another.

- The attribution of a label is very important and creates a dynamic that surpasses the interest of the TEP. A very interesting side effect of the TEP is to give more space to the problem of quality since the effect of the actions is now considered in the long run. This was very clear when we considered the domain of secondary services : very often these services are delivered by grass roots organizations with some State of local public support. When considered by the TEP they are tested not only in terms of jobs created but also in terms of effectiveness for the territory and its inhabitants. Some of these themes are stressed such as

the professionalism of the supply, its quality, the capacity of the demand for self financing such services, and so on.

II – Case Studies

II – 1 Albertville

The Pact of Albertville illustrates the challenge of an employment strategy in a mountainous area. It had to deal with a major obstacle: the seasonality of the Labour market. Backed by a seminal partnership structure, it could nevertheless attain some positive results and transform some working processes. The general assessment of this TEP is positive with regard to partnership and bottom up approach. It is more controversial in terms of job creation. The TEP has backed new efforts to create jobs or solve employment management problems, but its effects will be recorded in the long run through another process of analysing and implementing employment strategies. But this will depend on the follow up of this strategy.

1 – The Background of the Pact

- Spatial Context

The Pact is located in a territory with 101,000 inhabitants for an area of 2,564 Km², i.e. a density of 39Hbs/Km², which corresponds to the Arrondissement of Albertville in the Département of Savoie. The main characteristic of this area is the coexistence of two very different economic areas: the valleys where there exists an important industry with some big companies (Ugine) which have developed exogenous growth; and the mountains which integrate many ski-resorts with agricultural and traditional craft activities. Considering the S.F., this territory is eligible only under Measure 5b, and this for one small sub area only. But it may mobilize Objective 3 funds and the Interreg Programme. In that sense it can be considered as a semi rural area, but from a different type to those described in the ECOTEC report. There is no major urban agglomeration and agriculture is not the driving force of the economy. The economic terrain combines industry, tourism and agriculture, with a very marked seasonality. At the best it could be described as “sub-rural” (closer to the rural periphery).

- Economic Characteristics of the Territory:

This territory is deeply affected by the seasonality of employment. The industrial activities operate all year and employ approximately 35.8 % of the active population. Tertiary activities represent 62% of the active population, and its main component deals with the Ski Stations. This activity has strongly increased during the last twenty years and has benefited from the organization of the Winter Olympic games in 1992. Inside this service sector, the main activities are the hotels and restaurants (9,000 jobs), followed by the administration, the transportation, and domestic services. The agriculture is declining and employs only 1.7% of the active population.

In fact, two main economic systems exist here: the economy of the mountain, which is mainly devoted to tourism and services; and the economy of the valleys (Val d'Arly, Beaufortain, Tarentaise) where the industrial and agricultural sectors are concentrated. These two areas are not well connected. Nevertheless, the seasonality, which is dominant in the mountain, has effects on the valley economy. After the Olympic Winter Games in 1992, some activities have strongly declined, namely housing and public works. Development was stopped and many stakeholders who moved to the area have stayed, unemployed.

The challenges of the territory can be described in the following way: The traditional industry of the Alpine Valleys, is employing less and less stakeholders. At the opposite pole the ski resorts create a very strong seasonal demand for employees; But the stakeholders are

not the same, in terms of age and qualifications. Therefore the territory has to manage a complex situations where there is both a structural decline of the demand for labour and a seasonal strong demand for a different types of labour and qualifications.

- LABOUR MARKET CONTEXT

At the end of the TEP, the rate of unemployment was lower than the National average (7% instead of 9%). It used to be the same at the start of the TEP when it was 8.5% instead of 9.5% at the national level. Very likely this rate is over estimated since many stakeholders are registered at the unemployment agency but have the opportunity to work during the seasonal period. The young people represented 17.2 % of the unemployed, who is with regard to low, and the long-term unemployed represented 26.8 % of the unemployed. These two results are lower again than the national average.

The Labour Market is tight during the winter season when the demand for labour is very high and the rate of unemployment is under 5%, which means almost full employment. During the remaining part of the year the rate of unemployment is much higher, which results in an average rate of unemployment of 7%. 93% of the demand for labour deals with part time or seasonal work : 69% are seasonal contracts; 2% interim contracts; and 22% between seasonal and permanent.

This labour market is slack: young stakeholders do not find employment according to their qualifications and they represent approximately 17.2% of the unemployed; the long term unemployed stakeholders represent 26.8%, with an increase of two additional points during the TEP period. The demand for labour during the winter holidays is very concentrated on some specific tasks; there is no demand for the traditional qualifications of the main companies of the Valleys, although these qualifications are still being provided by the High Schools.

- EMPLOYMENT POLICY AND INTERVENTION CONTEXT

When the TEP began, there were already pre-existing local, regional and national employment policies. Out of the National policies regional and local policies dealt with two characteristics:

- the seasonality : how to find out an occupation for stakeholders who are employed only during the winter months (many of these workers come from outside and leave the area but there is a significant portion of seasonal workers who stay in the area between two winter seasons);
- the mismatch between the qualifications delivered through the High Schools and the qualifications demanded by the companies.

A partnership existed already in the area through the Comité de Bassin d'emploi, the object of which was to connect all the stakeholders of employment at the local level. This Comité had been created in 1995 and it integrated four components : elected stakeholders, i.e. mainly mayors and municipal counsellors; representatives of business; representatives of the trade unions; and qualified stakeholders (where we find the representatives of the third sector). Its most traditional themes of investigation were the following: Management of the polyactivity; Training and employment; Secondary services; New sectors of activity. These themes will serve as starting point for the TEP. But at that time there were no specific actions.

- GOVERNANCE CONTEXT AND AVAILABLE SPACE (NICHE) FOR THE PACT TO OPERATE; AND APPLICATION PROCESS

The National French authority in charge of the TEPs (mainly the DATAR) decided to create a TEP in Albertville based on a pre existing governance structure, the Comité de Bassin d'emploi. In fact, this choice was initiated by the representative of the central state in the district of Albertville, i.e. the Sous Préfet. She asked the Comité to facilitate a TEP, which was agreed on. This was interesting for both the national and the local level. The National level had found an area where the partnership could support a TEP with some specific challenges. The local level had found an instrument to enhance new initiatives and innovations. There existed a tradition of co-operation between local actors prior to the Pact but this was not always efficient due to the lack of capacity building.

The actual decision to build a TEP was taken on July 11th, 1997. Preliminary meetings and working groups were organized and a first validation of this decision came three months after. The decision relative to the content of actions was adopted in December. The Plan was presented in Brussels in March, 1998. The actions started in January 1998. A complementary assistance was delivered in 1999 and the Plan ended in the beginning of 2001. At that time, the actors were not really thinking in terms of specific benefits. They were considering the TEP as an opportunity to bring their partnership into being.

2- DIRECT OUTPUTS OF THE PACT.

- Pact Mission

The Pact had a general objective: to have better management of existing jobs and qualifications. The activity is increasingly a service economy with a continuous decline of agricultural and industrial jobs. The service activity is more and more seasonally contrasted which implies new forms of management or time adjustment. This does not mean that the volume of existing jobs matches the demand. But it does mean that the objectives of the plan were qualitative as much as quantitative. This result was only with regard to achieved. The adaptation of qualifications is ongoing.

The first direct output was the development of a strategic plan for local development, which had never been done before. This Plan was highly concentrated on employment objectives : the link between economic development and employment was only understood with time. The four main themes of this plan were the following:

- To create networks and partnerships in order to integrate all the relevant ground level actors;
- To encourage the creation of new business;
- to develop new innovative actions for labour organization and for target groups;
- To create new pathways for employment.

A second direct output was the creation of task groups, which permitted the meetings of one hundred local actors. These groups were mainly located in the following sectors:

Seasonal employment and polyactivities; Secondary and domestic services; Female employment ; New information technologies; Labour mobility.

A third output was the diffusion of quarterly information letters (2000). Since 2000 a fortnightly information letter was distributed to the direct employment stakeholders.

A fourth direct output was the progressive change of mind with regard to the use of the structural funds. At the beginning of the TEP, the access to structural funds was considered as a normal and automatic counterpart to the difficulties encountered by the territory. Progressively the actors have understood that this logic was neither sufficient nor efficient. By better preparing and incorporating structural funding in a project, the positive contribution of the TEP is increased. Moreover this method may attract some additional funding (out of the counterparts defined by the regulations), because the strategic aspect is much clearer.

A fifth output is the participation in exchanges of information seminars and networks, either at the European level (Napoli in July 2000) or at the National level (Montpellier, Albertville).

The sponsors clearly identified these missions of the TEP and agreed on its objectives. Its key mission was considered as organizing integrated actions at the local level in favour of employment. The link between employment and development was not that clear since the local economy was heterogeneous, each –the valley and the mountain - delivering a specific diagnosis.

- Extent to which the 4 TEP objectives were met

- Bottom-up approach

This point was really taken into consideration. Every time the Comité defined a problem, it created a specific task group in order both to specify its dimensions and to agglomerate the most diversified actors. In that way, the TEP was able to mobilize the grassroots actors and information and create a bottom up approach. The committee considered himself as an intermediary level between this bottom up approach and the level of the institutional partners such as the departmental divisions.

Naturally, the real involvement of these grass root organizations and local actors was more related to a specific action or project than to the Action Plan. It was a compromise between the necessity to define a comprehensive Action plan, which could only be monitored at the Comité de Bassin level, and effective projects, which required the highest local involvement.

- Formal, broad-based partnership

An important partnership existed already before the beginning of the TEP, due to the traditional role of the Comité de bassin d'emploi. Not all Comités perform well, but the Albertville one had been re organized one year before the beginning of the TEP, which gave an impetus to partnership. This partnership has broadened throughout the TEP period, and the consideration of the non-profit sector was increasing.

But the problem of low-level business participation has always existed, and is still unsolved. The significant big or medium businesses never did participate formally. Some contacts existed when a very important employment problem was raised, but it was occasional and through informal procedures. Some executives of these companies have participated in meetings or task groups, but they have participated on an individual basis and not as representatives of their companies. This is because these businesses, which are mainly

related to energy, steel work or transformations, have markets that do not correspond to the territory of the TEP: therefore they do not want to take responsibility for an area for which they do not feel responsible.

The composition of the partnership can be summarized in the following way:

- ❑ Local authorities : omnipresent (municipalities were mainly involved)
- ❑ Regional authorities : a problem due to the geographical design of the area. The region did not facilitate the organization of the TEP by defining two local development plans, which divided the territory of the pact into two different areas.
- ❑ Other government bodies: the Département de la Savoie was present and participated actively in the actions.
- ❑ Public employment services: were present and cooperative.
- ❑ Private sector: mainly the employers of the ski resorts; the big companies of the valleys were not represented in the partnership or only through the personal participation of some of their executives.
- ❑ Social partners: yes, they were totally integrated; this result is very normal since a specific task of the comité de bassin d'emploi was to organize a very good representation of the social partners.
- ❑ Social economy: yes, the main networks were present due to the importance of the secondary services theme.
- ❑ Research and Higher Education Institute: mainly High Schools, since these were the only educational institutes in the area (Lycées techniques et d'enseignement professionnel).

	Partners involved	Type of involvement
Identifying needs	Comité de Bassin d'Emploi, Municipalities, Employers and Trade Unions	Consulting & Advice: Only but the Comité is the deciding body
Defining the Action Plan strategy	Comité de Bassin d'Emploi	Total
Implementing the Action Plan	Mainly the Comité de Bassin d'Emploi	With specific partners
Monitoring of activities	Comité de Bassin d'Emploi, Direction départementale du Travail et de l'Emploi	Light Strong
Involved in Pact projects	Potentially all the Partners	Strong
Evaluation and review of the Action Plan	Comité de Basin d'Emploi	No real data

There was no formal partnership agreement for partners to sign. The agreement was collectively done by the Comité. In that sense there was no evidence of a variety of roles discharged amongst partners;

- Integrated strategy

There existed clear supply and demand elements but not necessarily in the expected distribution. The demand elements were quite clear even if expressed in indirect ways. The debate on qualifications and seasonality demonstrated important needs in terms of training, specific labour contracts, transportations system, and so on. Many times these elements were interpreted by the comité more than expressed directly by the relevant stakeholders.

The supply elements were more difficult to find due to the lack of diversification and the heterogeneity or the geographic space. Only with time, some connections were organized.

In fact the integration challenge was wider than the matching between demand and supply since the TEP had first to create conditions for organizing the supply. And this point was very difficult to solve due to the lack of entrepreneurial resources.

- Innovative elements of the Pact's activities and working methods

There is a focus on innovation in the Pact strategy, dealing mainly with the organization of the labour market and the form of the labour contracts. Since pluriactivity was the dominant characteristic of the local labour market, this was considered as the main challenge of the TEP. But the results were not that strong. The domain of secondary services offers another view on innovative activities. There were positive and new evolutions. Local providers of secondary services have understood their common interest in terms of quality and professionalism, whereas these considerations were previously disabled by the strong competition between companies. A more general point should be stressed here: in a very mountainous area, it is very difficult to organize innovation at a significant scale.

If the activities were not always innovative, the Pact process was in itself; In these areas where stakeholders are very heterogeneous, partnership is not that easy, and it has to overcome strong variations in terms of seasonality, qualifications and so on. The Comité has succeeded in connecting stakeholders who did not meet before, thanks to its very flexible organization between the steering board and the specific task groups.

Extent to which the Pact met the specific Objectives of its Action Plan

- The main benefit expected from both the organizers and the partners was the opportunity to consolidate the existing partnership and to back new actions. These benefits were worthwhile because the lack of resources was considered as a limit to the action of the Comité de Bassin d'Emploi.

Approximately fifteen important projects were decided or extended through time (some of them were already existing). They were always actions carried out by the Committee in connection with another institution in such a way that there are very few direct outputs. Almost all of these projects were undertaken, but some of them have not taken the form expected (namely those ones related to the management of seasonality).

400 jobs can be attributed to the TEP:

140 (3.5%) are direct creations in relationship with new services

120 (30%) are jobs resulting from the creation of new businesses

140 (35%) are jobs resulting from a better matching between supply and demand for labour

	NUMBER JOBS	DIRECT JOBS	NEW BUSINESSS	BETTER MATCHING
ALBERTVILLE	400 (0.04%)	140 (35%)	120 (30%)	140 (35%)

-The steer of the European Commission was clear since some of the objectives and underlying principles were already considered as very positive. The fact that Albertville was practically the first recognized pact shows clearly that the TEP was rapidly recognized. The national and regional actors were not so clear and helpful. The department level was very helpful, and it must be said that the initiative of the TEP came mainly from the delegate of the administrative structure of the department (Sous-Préfet d'Albertville).

- Every actor agreed on the relevance of this TEP to the local needs. As a remote area Albertville did not benefit from the attention of the main institution; Thanks to the TEP, the connection between the local actors and the traditional public actors was much better.

Indirect Outputs/results: Impact on Employment and Economic development

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
ENHANCE EMPLOYABILITY				
1 - Evidence of professional Guidance and Orientation actions for beneficiaries 2 – Information into the High Schools on the qualifications and jobs	In wood industry and mechanics, action to better the defined needs and the opportunities	Final Report Data form the Coordinator	Important Management function. The technical unit of the TEP has connected the relevant actors in order to catalyse new actions The technical unit has organized partnerships between high schools and businesss for delivering relevant information	0,226 M euros 42 jobs 0,067
Types of target group and numbers of beneficiaries reached	1- On Life Training For seasonal workers 2 – Workshops in Heritage restoration in favour of young deprived	1- Final Report Data form the Coordinator 2- Final Report Data form the Coordinator	1- Significant Mediation for preparing project application 2- Significant Mediation of the technical unit for identifying the needs and	1-0,284 M euros 20 Jobs 2- 42 jobs 0,132

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
	stakeholders 3- Welfare Workshop to facilitate the reintegration of Stakeholders benefiting from the Minimal Insertion Income	3 – Final Report	preparing the application 3 – Significant Mediation of the technical unit for identifying the needs and preparing the application	3 – 0,027 (0,013 from SF) 20 Jobs
Evidence of increased access and qualifications of beneficiaries to labour market	Mountain & Seaside seasonality partnership	Final Report Data form the Coordinator	Determinant (Specific Partnership between comités bassin d’emplois)	0,08 M euros No information in terms of jobs
Aid to local geographic mobility	Lending of vehicles, bikes; co-voiturage	Final Report		0,02 M euros
ENCOURAGE ENTREPRENEURS HIP				
Evidence of business start- ups/survivorship	Platform for Local Initiatives FIR	Final Report Data form the Coordinator	Very strategic participation. The technical unit has allowed to create such a platform which is part of a national network	0,6M Euros 87 Jobs created (30 in new businesss and 57 in surviving businesses
Evidence of increased confidence in entrepreneurial possibilities by beneficiaries	Action to disseminate entrepreneurial culture, with a specific action for female	Final Report Data form the Coordinator	The technical unit has organized some assistance to disseminate, mainly through specific training, entrepreneurial	0,243 euros (0,061 from S.F.) 90 Stakeholders concerned

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
			competencies	
Evidence of policy or practice changes influenced by partnership which encourage entrepreneurial activity, or remove barriers	Creation of a network to support SMEs	Final Report Data form the Coordinator	The technical unit has organised some access to specific services in terms of finance and real estate.	26,000 euros (60% from the SF)
Other, please specify				
ENHANCE ADAPTABILITY				
Employees/employers participated in activities to enhance adaptability	Organization of on the life training in relationship with I.T.		The technical unit has disseminated information and prepared applications for national programs	0,178
Equal opportunities (gender)				
Evidence of increased access to different roles consistent with more equality of opportunity	Specific dissemination of entrepreneurial culture (See Upper)			
New sources of jobs				
Creation of new social businesss mainly in the sector of secondary services for older stakeholders, and for families In which sectors?			The technical unit has played a determinant role in “pacifying” a field where the competition is abnormal. It has developed a	(Probably an equivalent of 60 jobs, without any specific financial support of the TEP)

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTING TO ACHIEVING OUTPUTS/RESULTS
			qualification and a label process in connection with the Union départementale d'aide aux familles. This has supported both the creation of new businesss and the creation of jobs in pre-existing businesss	
Evidence of new types of jobs or new sectors in TEP upon by work of Pact	<p>1- Inquiry on the possibilities of new jobs</p> <p>2- Creation of a task force to stimulate the demand and supply for new domestic jobs</p> <p>3- Creation of new jobs for the protection of the environment 5PIC & PROPRE)</p> <p>4 - Management of the multiactivity through various instruments: employers groups, information,</p>	<p>1- Final Report</p> <p>2- Final Report Data form the Coordinator, Data from the Partners (UDAF)</p> <p>3- Final Report</p> <p>4- Final Report Data form the Coordinator, Data from the Partners (Président du Comité)</p>	<p>1-Direct task of the technical unit</p> <p>2- Mediator Strategic position (See upper cell)</p> <p>3- The role of the technical unit was highly relevant to introduce this theme in the local milieu.</p> <p>4- Very important role of the technical unit: one role was to disseminate the new mechanisms which were organised at the national level but</p>	<p>1- 0,171 0,1 M euros</p> <p>2 – 0,047 14 Stakeholders</p> <p>3- 0,393 (0.68 from SF) 9 Jobs</p> <p>4- 0,105 (0.046 from SF) 16 Jobs</p>

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
	housing and transportation.		not yet implemented at the local level (groupements d'employeurs). Another role was to realize some studies and feasibility plans on transport.	
Job creation				
Types of jobs created: Number of full-time, part-time, seasonal jobs created or safeguarded (if available)	400 Jobs - 35% by better matching on the Labour Market; - 65% creation of new activities or/and new businesss.	Final Report Data form the Coordinator,		
Information on the quality of jobs created: - Wage levels, - Occupational classification, - Status (i.e. number of jobs under open- ended or fixed- term contracts) - Number of employment after x months of end of TEP	One third can be considered as really qualified (related to new businesss and management). No information about the number of employment after x months.	Final Report Data form the Coordinator,		

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTING TO ACHIEVING OUTPUTS/RESULTS
Documentation Centre	To allow exchange of information at the local level on experiences and innovations			39,000 euros French Public Funding

N.B.: The technical unit means the coordinator and its staff (chargé de mission, secrétaire). This unit is in charge of the operations of the Pact and it has to explain its activities before the board. For some actions some members of the board do participate in the operation, such as the President.

It is impossible to split the financial support between the different sources. The amount of the SF is an approximation given by the technical unit. This difficulty relates to the fact that the pact did not manage the specific programs (or exceptionally for some of them, which are mainly research and studies).

The data collected from different sources shows an employment effect with regard to some specific projects, such as groupements d'employeurs, Heritage workshop and so on. This shows a with regard to limited number of jobs and we have no direct information on their sustainability. This lack of evidence can be explained in two ways:

- Many of the projects are projects related to the environment of the Labour market, which makes it very difficult to assess effects in terms of jobs.
- The partnership with the employers has never been evident.

- MONITORING AND EVALUATION

Information on the Pact was mainly collected and analysed by the Comité de bassin. The same information would monitor progress against objectives. The final presentation of the activity report has given the size of the results. There was no evaluation planned.

5. Additional Benefits

- LABOUR MARKET

The situation of the Labour Market was better at the end of the Pact. The rate of unemployment has decreased by approximately two points, but this satisfactory result may be argued:

- The macroeconomic situation has improved during this time;

- The negative structural characteristics of this labour market have not changed during the time of the TEP (seasonality, mismatch between demand and supply of qualifications).

- EMPLOYMENT AND LOCAL DEVELOPMENT POLICIES

Local employment policy framework at the end of the Pact had changed since many more actions were undertaken on a basis taking into consideration the processes underlying the TEP. The partnership was unanimously considered as an opportunity.

- Learning and Co-operation between local actors at the end of the Pact

At the end of the TEP, partnership was more or less the same, but with an increasing participation of grass roots organizations. The Pact contributed to an increasing understanding of the local environment and the needs of the local community.

At the end of the TEP, links with other levels of government and national level actors were richer than before since the local Comité offered a comprehensive vision of its territories and a representative instance to discuss the employment problems

6. Management of the Pacts

- Role of the Key Stakeholders involved in the implementation and management of the TEP

The TEP was principally managed by the Comité de Bassin d'emploi. Existing since the eighties, it took in 1995 the form of a NGO (Association de la loi de 1901). Traditionally this committee was considered as a think tank at the level of a relevant Labour Market, but it could also take some decisions to create, stimulate or back partnerships. In Albertville, the comité was operating before the TEP, in a very satisfactory way. The main difficulty came from the relatively low degree of participation of the main businesses in the area, but during the TEP a specific commission was organized in such a way that at least the SMEs could express their own problems.

The main stakeholders were the comité, the municipalities, the local representative of the State and some consulting groups. This partnership had already launched some important projects such as the Carrefour des métiers before the Pact, and the TEP was an opportunity to give a new legitimacy both to the comité and to the project. Thanks to this stabilization of the administrative structure, it gives the opportunity to enlarge and deepen some themes that were already on the agenda, such as the management of the pluriactivities and the challenge of the seasonality. To intensify this partnership and create new projects, the Committee organized specific groups, which have taken into consideration some technical aspects while maintaining the culture of the local establishment. A good example is the group created on secondary services, which involved 40 related institutions with the main representative of the département de Savoie. This group had the advantage of lowering the hard competition between all these operators; to implement some geographical coordination and to instil the theme of the quality of these services.

The first TEP coordinator left when the mayor of Albertville was designated as Commissioner of the European Union. A new one arrived from another part of France, but there were no management problems related to this transition. This coordinator (who has not

changed since) was in charge of local development programmes in another French department and was aware of the mechanics of the structural funds.

The key government agencies were very interested by the TEP. They benefited from it since they found in the TEP the opportunity to meet all the stakeholders, which had been traditionally difficult due to geographical reasons. The trade unions maintained their participation (they even presided over the comité during the TEP); the third sector organizations were present, but not without hidden thoughts: sometimes it was much more to protect their own territory than to cooperate.

One main problem came from the fact that during the TEP the Region Rhône-Alpes decided to create new development contracts. In order to implement them, the Région subdivided the territory of the TEP in two sub spaces : Tarentaise and Vanoise, which made things more difficult and the partners very troubled.

To summarize, we can say that the strength of the TEP was the actual partnership and the weakness the relatively low participation of the main employers.

The participation of the Commission rapporteurs was appreciated, but it did not influence the activities undertaken. A stronger technical assistance would have been welcome.

With regard to the overall assessment, there were no strong obstacles. The partnership existed before the TEP in such a way that the main added value of the pact was to enlarge and deepen this partnership and this integrated approach. Here we can say that a practical culture of local development was stronger after the TEP than before. The main obstacles have dealt with the structure of the territory.

- Pact Resources

- Institutional and Human Resources Levered In:

The level of human resources devoted to the Pact implementation was on average two full time jobs, one coordinator and one secretary. It was not really sufficient due to the importance of the activity of the TEP, and when some task groups were created in relationship with different projects this increased the challenge of coordination. In counterpart, the fact that the committee, which constituted the basis for the partnership, used to meet reduced the task of co-ordination of the core.

The TEP has actually benefited from the support and the power of other institutional players (Direction départementale de l'emploi, Agence locale pour l'emploi, lycées professionnels), due to modernization of the services of the State after the Olympic games.

- Financial Resources Levered In:

The Community technical assistance funded approximately two Thirds of the Assistance Budget, the remaining part coming from self-financing and the municipality. The Commission contribution was mainly used for paying the wages of the coordinator and the secretary, the remaining funds taking in charge studies, Inquiries, Dissemination Material insurance and so on.

- Additional Resources Levered In:

The Pact's catalytic effect can be approximated (due to the lack of very precise data) to one to one: for one euro coming from the SF, one euro came from the other sources. The weakness of this data came from the fact than in Albertville many projects were funded almost exclusively by SF and others mainly by national or local funds, which does not clarify

the answer. But qualitatively the interaction was quite interesting since the culture of local development praised by the TEP underlies every project.

- Cost-effectiveness of the Pact

The Pact was more cost-effective than mainstream Structural assistance because every project was scrutinized better by the relevant stakeholders (which is not necessarily the case for mainstream structural assistance). This made their implementation more effective, but there is no specific data to clarify this result. Displacement effects have not been noticed.

7- Dissemination and networking activities

The dissemination of the results has taken two forms. The first one was the circulation of a newsletter: a general one edited every quarter; and a more specific one, named 'Initiatives', edited every two weeks. The second one was the organization of meetings and seminars, on different aspects of the TEP (L'énergie dans notre bassin). But the main dissemination effects appear only at the end of the TEP. They were mainly directed to the local actors that did not directly participate in the Comité de bassin d'emploi.

The results of the TEP were not well-disseminated at the national level. However, the success of one of its aspects was recognized: the attempt to prevent the negative effects of seasonality through exchanges between winter holidays activities in the mountain and summer holidays activities on the seaside. The idea was to find out if some workers could work in both types of corresponding seasonal activities and benefit from a qualification. However, this project never got past the exchange of information.

The networking with other Pacts, both nationally and trans nationally, was effective but very delayed. It was only in 2000 that some specific initiatives or participations were organized. A meeting was organized in Albertville for the future TEPs at the French level, in April 2000

8- Mainstreaming

The TEP will continue after its official term (31-12-2000), but under a different denomination. A new partnership will be undertaken during the period 2001-2003 with three main themes:

- To enrich the local partnership and to develop a shared territorial strategy, in order to sustain the territorial content of the public employment strategies;
- To create a better specific partnership between Training and Educational Institutions and Business : many resources that have already been mobilized or created during the TEP should be maintained and enlarged, such as the Carrefour des Métiers, traineeships in businesses, or specific information booklets on local qualifications available.
- To manage labour organizations and contracts tackling seasonality, which is a main characteristic of the local Labour Market.

The expected technical budget is approximately 1 M.FF over the three years, and it will fund the administrative structure of the Comité de bassin d'emploi, which will be responsible for this new phase. In that sense, it does not seem that the Partnership was able to secure additional technical assistance funds for the continuing co-ordination of the Pact partnership. The funding should be mobilized through the S.F, Objective 3, and Measure 10-

A. Other resources from the Social Fund will probably be mobilized due to the nature of the projects.

9- Assessment of overall added value of the TEP

- Contribution of the TEP to achieving Community priorities

The TEP of Albertville has contributed to the increase of employment :

- by creating new jobs in the domain of secondary services;
- by developing new enterprises with the corresponding jobs: this point must be stressed since it was not a dominant theme of French employment policy up to now;
- and by facilitating the return to the labour market of long term unemployed stakeholders.

The data are not very precise but we can say that these effects are approximately equal (of 400 jobs identified by the TEP, the allocation should be more or less: 1/3;1/3;1/3). This last 'one-third' means that we have had human resource development. But this last objective bypasses the integration : different actions were organized to deliver better information on qualifications and occupations, and they have probably facilitated the adjustment between demand and supply for labour.

The equal opportunity objective has not been very stressed, but it did exist.

- Method of implementation of the TEP

The TEP of Albertville has conformed with the required method of implementation, but with some differences according to the criterion. Partnership and bottom up were well respected as already explained. Innovation was more difficult. The coherence with national or regional initiatives was good and one element of demonstration lies in the organization of the Plate Forme d'initiatives locales, which was one of the most innovative themes at the national level.

Monitoring and evaluation have not been dominant themes.

- Financial dimension

A multiplier effect existed : the SF have mobilized four times their size in terms of national, regional and local funds. The difficulty is knowing if this result would have been attained in the absence of the TEP. Many funds were regulated in such a way that they would have been mobilised with or without a TEP. However, we must recognize that the Pact has facilitated the mobilization of the funds by defining more coherent projects and by attracting the corresponding funds more rapidly.

- Networking, dissemination and exchange of experience at EU level

These points were not stressed too much by the local actors interviewed. If there existed a recognition of the added value of participation of transnational seminars (e.g. for understanding what it really means to encourage entrepreneurship, it was difficult to give too much importance to this theme. The main positive result of the TEP was to facilitate the participation of relevant networks and exchanges of information in the French administrative system. The TEP has highlighted the difficulties of Albertville and it has created a sustained attention in favour of its projects. One action intended to have an important national impact,

the seasonality project with the corresponding networks between Brittany and Savoie, but it was not really consistent.

10 – Lessons

The partnership worked relatively well. This was due to the fact that when the Pact arrived it gave more content and resources to a partnership which existed already through the Comité, but which was very limited in its possibilities of action.

The relationship with business is not totally satisfying. They act mainly through individuals than as a company.

Technical assistance should be stronger and more effective.

II – 2 Montpellier

The Montpellier TEP presented two main characteristics:

- Its dimension: It was the most important both in number of stakeholders and in size of geographic area
- Its formal organization: the supporting structure was the Conseil Général de l'Hérault or the elected Board of the Département de l'Hérault.

Therefore two main lessons can be drawn from that experience:

- An important advantage is its relatively small size since it allows the actual mobility of labour force to be taken into consideration; and potential in terms of supply for business and labour. Smaller TEPs have complained that their territory was too small to define and implement a strategy for employment.
- A supporting political structure is both an advantage and a disadvantage. The advantage came from the important technical quality and financial resources from this structure. The disadvantage came from the difficulty in building up an open partnership when we start from that structure: the political board does not like to share its liabilities, and the private or non profit organizations do not want to be too close to the political structure.

In the long run things are changing, and mutual trust may appear, as the Montpellier TEP has shown. But that means that the positive effects will mature more slowly than with many other TEPs.

1- Background to the Pact

- Spatial context and economic characteristics of the territory
-

The definitive boundary of this territory is purely administrative. It is a French département, l'Hérault, the population of which is 900,000 inhabitants and the area is 6.101 km², which shows a density of 136 inhabitants per km². It is able to connect a metropolitan area, Montpellier, with its suburbs and more remote rural areas, some of them being very isolated in the mountainous area. There is no specific economic system but the juxtaposition of a very rural economy (with important vineyard activity), and the economy of an important city dominated by tertiary activities (Universities, Research, Banks, Insurance...) more than by traditional secondary activities. If we add to this the important demographic pressure (the population increases by 1,500 every month) we can imagine that the situation of the labour market is very unsatisfactory : the rate of unemployment was close to 15% at the start of the

TEP, which meant at that time 4 points more than the National average. This rate of unemployment is much higher for young people and female. Due to the presence of important universities, there existed a very specific problem of integration into the labour market for graduates.

This territory can be considered a semi rural territory, but agricultural activity is no longer the dominant driving force for the local economic base. A strong driving force is the development of what the Montpellier municipality considers as ‘high tertiary’. The dominant problem of this territory is therefore not related to industrial restructuring. It is related to the fact that many stakeholders do not have the qualifications to be integrated into the service economy, whatever the nature of these services. This means too that some groups become more and more disadvantaged and that an increasing integration problem exists.

- Labour Market Context

The division of labour is as follows: 6% in the primary sector; 14,4 % in the secondary sector and 75.4% in the tertiary sector. As mentioned above, the rate of unemployment was close to 15% at the start of the TEP, which meant 4 points more than the National average, a difference that has been maintained during the TEP. This rate of unemployment is much higher for young people and females. If we consider the unemployed population, almost half are females (47.9%) and 20% were less than twenty years old. 30,000 stakeholders benefited from the minimum income, which in this area is one of the highest for French departments.

The Labour Market is not tight but there exists rigidities in matching the demand and supply for labour. The supply of low qualifications is important but there is no important demand for these except from some hotels and restaurants related to seasonal tourism.

- Employment Policy and Intervention Context

The TEP was defined at the administrative level of the department, i.e. at a level where the State organizes its own action. Labour market and Professional Training are organized at this level and the main public institutions, such as the Agence Nationale Pour l’Emploi is also organized at this level. Therefore we can say that many things existed already, the Direction départementale du travail et de l’emploi being the main distributor of the public aid. Moreover, It has to be said that traditionally the department had few actions in this field (Its actions were focused on social aid and assistance), which means that the challenge of the TEP was to impress a new logic to projects, which were mainly dependent on many other actors.

Naturally some partnerships existed already. But very often these partnerships were more formal than actual, and they intertwined mainly public institutions, which was not the kind of partnership asked for by the TEP. The NGOs are many but their size is generally very small and their role is marginal (with the exception of the cultural activities, which may be explained by the number of students).

- Governance Context and Available Space (Niche) for the Pact to Operate

In that sense, the TEP was really an ex nihilo creation. It may be explained by two facts:

- The desire of the Conseil Général of Hérault to give more impetus to the traditional administrative system for employment, mainly by creating new innovative projects. This role does not fit with the traditional competency for the Département. But by encouraging the creation of new businesses and jobs, the Conseil Général will prevent many problems that will be finally at the charge of the département (social aid, assistance, inefficiency of the colleges, etc.)
- The desire to benefit from the structural funds.

These explained the two main niche focuses of the TEP: its innovative content; and its concentration on the mobilization of the structural funds.

- APPLICATION AND SELECTION PROCEDURE ADOPTED BY MEMBER STATES:

The story of the TEP is complicated. When the action was decided in Brussels, the Département had already created twelve local development plans (Chartes locales de développement) which were more or less operational but which were not only focused on employment. The Conseil général recognized that the size of some of them was too small and decided to associate them in a more comprehensive process. At the same time the Datar who knew this experience was looking for different types of partnership in order to select the TEP. It was interested by the Conseil Général experience and proposed Montpellier-Hérault as one of the ten TEPs. The difficulty came from the fact that the region Languedoc-Roussillon intended to be a TEP too, which created uncertainty due to the strong political opposition between the Conseil Régional and the Conseil Général. Finally the Pact was defined at the level of department but with the participation of the region, which will generate two difficulties: an important time lag; and a systematic priority for the official partners.

2 – Direct outputs and results of the TEP

The TEP was created in a very specific context. It is supported by a structure that is both political and administrative. Therefore it could generate at its start only a very specific partnership and it is only through time that this partnership has met the expectations of the Commission

- Pact Mission

The Conseil Général decided to establish a TEP because it faced a big challenge in terms of job creation. The rate of unemployment was not only due to a mismatch between demand and supply for labour but to a more structural problem. Traditional activities were disappearing and new demographic increase was coming. The Conseil Général considered that the employment challenge surpassed the traditional management of the labour market implemented by the Public Service for Employment. It considered that a development strategy was necessary in order to tackle the creation of jobs. The Pact had therefore two objectives: to formulate new development perspectives; and to make sure that these development perspectives will sustain job creation. That direction was followed, and the content of the TEP has actually delivered new projects and new jobs, but with a long delay. It is interesting to see that at the formal end of the TEP, its technical team considered that the pact was ready to fully operate.

An important action plan was defined, which constituted for this important area the first real statement on employment challenges and solutions. Six themes were defined:

- organization of a partnership and its corresponding processes: this theme took into consideration all the activity already realized through the Charte of Development;
- development of local instruments to have a better knowledge of employment and a better match between demand and supply for jobs;
- development of new services and new jobs, with special references to environment, heritage, creative jobs, etc.
- development and support of craft activities and very small businesses, in the rural area as in the urban areas.
- development of employment by better training
- development of supply of employment through innovations in shared contracts, time sharing, and so on.

Out of the Action Plan many direct meetings and seminars were organized at the Conseil Général in order to distil and disseminate these six themes that were more or less new for this area. An important event: “Three days for employment” (25-26 of October, 2000) had brought together many local actors in order to assimilate the themes of new services and new jobs.

- Extent to which TEP meets the 4 broad Programme objectives

- Broad based partnership

We cannot say that the partnership created was a very broad-based partnership. It was the opposite, and it is only at the end of the TEP that this partnership was more open. Two reasons explained this:

- the fact that the TEP was established on behalf of a political institution, which makes the responsible authority very wary of any source of confusion between political and more associative responsibilities;
- the size of the area, which means that the TEP can only consider a restricted number of partners, i.e. the most important.

The partners were mainly administrative ones: the region, the State representatives, and the State agencies, and the Chambers of Commerce. The limit of this partnership is stressed by the fact that many important businesses were not present. Their main representative was the Chamber of Commerce, i.e. an organisation that is more interested in the defence of business than in the consideration of the role of business as a lever for territorial development.

To summarize the content of the partnership, let us indicate the number and type of Pact partners:

- ☐ Local authorities : yes: municipalities
- ☐ Regional authorities: yes
- ☐ Other government bodies: yes
- ☐ Public employment services: yes, ANPE, APEC, Private sector: very limited
- ☐ Social partners: limited, Groupement patronal de Béziers Saint Pons, CCI,
- ☐ Social economy: no
- ☐ Research and Higher Education Institutes: no

THE SCALE OF THE ORGANISATION OF THE PACT

	Partners involved	Type of involvement
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Identifying needs	Region, State	Information & Advice
Defining the Action Plan strategy	Mainly the department	Preparation, decision & evaluation
Implementing the Action Plan		
Monitoring of activities	Mainly the department	A permanent expert and an information system
Involved in Pact projects	Universities, Private sector	Project managers
Evaluation and review of the Action Plan	Mainly the department	A permanent expert and an information system

No partner other than the département signed the TEP; the other partners being consulted on the projects more than on the plan. When the steering group proposed a project, the partnership was organized according to the very nature of this project.

- Bottom up approach

The bottom up approach was taken into consideration and applied. This was quite new for the département but progressively it was recognized as a success. The first motive for the TEP was actually the will to merge the twelve local development plans into a coherent strategy. Even if this strategy is not always very precise it allowed for the first time to clarify the challenges of each project with the objectives of the area. Moreover, the Conseil general tried to develop a lot of networks: they did not really decide since it was the liability of the Conseil general but they produce the most relevant information.

The channels and mechanisms in place for effective internal and external information and communication were mainly meetings, task groups, examination by the steering groups and seminars. The problem here was that this communication appeared only through the communication of the Department, which illustrated results more than processes.

- Integrated strategy

It is difficult to say here that there was a strictly integrated approach. It was not a logic of supply and demand but more precisely a logic of needs and opportunities. The needs were formalized in the general strategy, and the TEP tried to mobilize different answers that should be registered in this context. The themes have underlined this need for integration through the organization of local groups of actors for employment.

- Injection of Innovation

The innovative aspect concerned the TEP's ability to mobilize the structural funds. This point was really very important, and it was the only way to legitimate the intervention of the Conseil Général.

This innovation did not lie in the process, since this process was in a sense quite logic and classical, even if it was new with regard to the Département.

The content of the projects was more innovative in reference to the areas:

- One example is given by the theme of Employment – Services. This theme was created to develop jobs in the fields of domestic services (or environmental services) by facilitating the meeting between the producers of services –independent workers, NGOs or Companies- and the consumers. It integrated two aspects: one aspect dealt with the consumers who could express their demand and obtain rapid answers; the other aspect dealt with the producers who received the orders: but producers had to satisfy minimal

conditions in terms of qualifications and labour conditions. A more innovative process has enriched this system.

- The process of creating incubation space for new businesses (project Ariane) is more traditional. Five such spaces were created, one of them in the arts and crafts sector (in Agde).

3 – PACT’S SPECIFIC OBJECTIVES PROGRESS

The organization of the TEP was not immediate, due to delays on decision-making, the size of the territory and the real innovative content of some actions. The supporting team decided to have the best partnership around the actions, which was not easy due to the nature of the Conseil Général. But progressively the results were more and more satisfying. As the Direction départementale began to implement its own Plan d’action locale, it was more and more supportive of the process undertaken by the Conseil general.

The specific objectives of the TEP were chosen in a very administrative process, but they were first investigated in a more partnership-based approach. These objectives have not changed or been compromised from the original Action Plan, but their presentation has changed in a direction more sensitive to the needs and opportunities coming from discussion with business.

At the start there was no choice of the target groups different to those ones edited by the national regulations. But some projects progressively took on more importance, such as the project which dealt with the underemployment of the undergraduate and graduate students.

If we consider job creation, we see two main results:

- The number of jobs that can be attributed to the TEP is relatively low: 0.015% of the number of existing jobs on the Labour Market. This result can be explained by the size of the area; and by the fact the initiatives have a longer delay of realisation. It is probably now, i.e. more than one year after the end of the TEP that the effects are the most important.
- The relative importance of the improved match of demand and supply for labour with regard to the creation of new jobs and businesses. This may be explained: It is more difficult for the Conseil Général to support direct creation of businesses than to stimulate programs to increase information and qualifications.

	NUMBER JOBS	DIRECT JOBS	NEW BUSINESSES	BETTER MATCHING
MONTPELLIER	1042 (0.015%)	179 (17.1%)	162 (15.5%)	701 (77.4%)

Source: Personal estimation starting with the data collected in the final reports and interviews

4 - Indirect Outputs/results: Impact on Employment and Economic development

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATI ON	NATURE OF TEP CONTRIBUTIO N AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
ENHANCE EMPLOYABILITY				
Evidence of professional Guidance and Orientation actions for beneficiaries	Creation of platform information on jobs	DDTE Département	The Technical unit acted as a stimulator	1,52 M Euro
Types of target group and numbers of beneficiaries reached	Part time workers & shared Jobs 151 Jobs	DDTE Département	The technical unit acted a an informer and a coordinator, the main responsible being here the Direction départementale	2 Groups, in agricultural activities
Evidence of increased access of beneficiaries to labour market	Specific actions for University students 100	DDTE Département	The technical unit acted as a partner the main responsible being here the Direction départementale	0.080 M 4 Projects
ENCOURAGE ENTREPRENEURSHIP				
Evidence of business start-ups/survivorship	Five Nurseries for New Businesses ARIANE 85 Jobs	Département	The technical unit was determinant by defining and enforcing this program	
Evidence of policy or practice changes influenced by partnership which encourage entrepreneurial activity, or remove barriers	Creation of businesses at the university exit 40 Jobs	Département	The technical unit was determinant by organising a partnership between the business and the University	0.40 M 9 projects
ENHANCE				

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTING TO ACHIEVING OUTPUTS/RESULTS
ADAPTABILITY				
Evidence of positive change in business performance resulting from actions to encourage adaptability (e.g. reduced business failure; increased staff retention; halted decline in trading statistics etc)	Supporting the adaptative efforts of the very small businesses 37 jobs	Département, May 2001, p.5 Results of the TEP	The technical unit acted as an innovator, coordinating different local administrations from the State (Direction de l'industrie & Direction du travail)	0.27 M FF 9 Projects
Removing barriers (for particular target groups)				
Evidence of improved information on labour market	Appropriation of new technologies by new technologies: creation of LAM (Lieux d'Accès Multimédia)	Département, May 2001, p.3 Results of the TEP	The technical unit acted as a partner, the main responsible being here the Direction départementale	0.131 M. 16 Projects
Evidence of improvement of pathways to work	University students	Département,		0.130 M. 16 Projects
New sources of jobs				
Creation of new social businesses In which sectors?	Nothing		Inexistent up to now. But this is a now project on the agenda	
Evidence of new types of jobs or new sectors in TEP upon by work of Pact	Pole d'information et de services 179 Jobs	Département,	The TEP was the main lever for creating this very innovative Pole	0.30 M 900,000 Stakeholders concerned

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATI ON	NATURE OF TEP CONTRIBUTIO N AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
Job creation				
Types of jobs created: Number of full-time, part-time, seasonal jobs created or safeguarded (if available)	Direct creations: 179 Indirect creations: 162 Stabilization: 144 Job Matching: 527	Département, May 2001, p.9 Results of the TEP		
Information on the quality of jobs created: - wage levels, - occupational classification, - status (i.e. number of jobs under open- ended or fixed-term contracts) - number of employment after x months of end of TEP	Direct creations: -No term or indefinite: 36 -6 months - one year: 70 -Less than 6 months: 10 -Young people contract: 34 -Various: 29 Indirect creations: -No term or indefinite: 61 -6 months - one year: 21 -Less than 6 months: 28 -Young people contract: 1 -Various: 51	Département, May 2001, p.8 Results of the TEP Département, May 2001, p.8 Results of the TEP		
Developing Local Partnership	Creation of Groups for local employment 30	Coordinator	Very important. The Conseil Général was at the start of 12 local plans with their	0.076 M. MFF 900,000 Inhabitants

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATI ON	NATURE OF TEP CONTRIBUTIO N AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
			corresponding partnerships. Through the Pact, the technical unit has re enforced the content of these local Plans and partnerships	

N.B.: The technical unit means the coordinator and its staff (chargé de mission, secrétaire). This unit is in charge of the operations of the Pact and it has to explain its activities before the board. For some actions some members of the board do participate in the operation, such as the President.

It is impossible to split the financial support between the different sources. The amount of the SF is a global approximation given by the technical unit. This difficulty deals with the fact that the pact did not manage the specific programs (with the exception of a few research projects and studies)

The TEP has had significant effects on employment and the TEP has quantified those effects, splitting between

- Direct creation, that can be attributed directly to the TEP since these jobs would have not been materialized if the TEP did not exist (179)
- Indirect creation in the sense that the role of the TEP was to mobilize and accelerate projects that existed potentially or were determined by the Public policy for employment (162)
- Stabilization of jobs by grouping employers in order to create full time jobs on an annual basis (144)

Matching between demand and supply: the jobs existed but are difficult to assess due to failures in the information or adaptation system.

Overall, the Pact have had a quantifiable impact on Employment (1042)

- MONITORING AND EVALUATION

This TEP has rapidly organized a task force for monitoring, and one job has been continuously devoted to that, paid by the support of the Commission. This monitoring was mainly related to the follow up of the realization of the project and the collection of the relevant data. The counterpart in terms of advice seemed weaker.

At that stage, no external evaluation existed, and as the administrative support of the Pact consisted of the local political authority, an external evaluation was difficult, at least in the French context.

5- Additional Benefits

The local Labour Market did not change too much despite a vast increase in entrants to the labour market (more than 1,000 from external immigration alone). But the way of dealing with unemployment problems in the area has changed. It has appeared that an extended partnership is now required in order to give effectiveness to any actions for employment. Specific actions in favour of the university students were organized and supported by the TEP, and this is on-going. The Pact has contributed to increased understanding of the local environment and the needs of the local community both by taking into consideration diverse local needs, and by disseminating new hypotheses on the operation of the Labour Market (role of I.T., employment problems of the students).

For the remaining part, the actions were more or less realized in other areas but with a clear will to think of the disposals in terms of projects and not in terms of regulations.

One of the main effects of the TEP dealt with the way the administrative state structure has to operate at the local level. Under the influence of the process of the Conseil général, this Local Public Employment Service has defined a more comprehensive plan and the idea of partnership is now integrated in this Plan.

With regard to regional policy, although the regional authority was considered as a direct institutional partner at the start of the TEP, it is difficult to distinguish an important positive change : very strong political opposition has affected the regional perspective.

6. Management of the Pacts

Roles of key stakeholders involved in the implementation and management of the TEP

The Pact was mainly operated by the Conseil Général, and managed as an administrative service. This means that there was one main stakeholder, with others operating around this first one. This explains the strengths and weaknesses of the TEP :

- the strength was the existence of a very strong administrative structure;
- the weakness was the difficulty to create an genuine partnership starting from an administrative structure: in fact the partnership was only deepened and enlarged at the end of the TEP.

The link with previous actions was explained by the fact that previous to the start of the TEP, the department had already to look for structural funds and to connect with the Préfecture Régionale. This experience was very beneficial for the implementation of the TEP.

The coordinator has never changed. He was already involved in other EU projects, and he considers that after an initial difficult organisational period, the TEP progressively solved the problems.

The other levels of government and national level actors were formally integrated in the steering committee, but under the direction of the Conseil Général. The role of these other partners has never been decision-making (unless a specific project included a cooperation). But they had a positive stance and never obstructed the implementation of the TEP.

The support of the Commission and of the national authorities allowed the TEP to clarify an important number of issues. But the support of the National experts was considered minor. Participation in the transnational seminars was considered as very positive. When a seminar was organized in Montpellier, other European and French TEPs participated

- Pact Resources

- Institutional and Human Resources Levered In:

The level of human resources devoted to the Pact implementation was approximately equivalent to three full time jobs, one of them being funded by the Commission. The support of the department was considerable : the Conseil Général took the operational expenditures for preparing and managing in charge. One of the success factors of the Pact coordination lies in the fact that its executive management was integrated in the management of the département.

The TEP did benefit from the cooperation of major institutional players, but not from their support.

- FINANCIAL RESOURCES LEVERED IN:

The most important part of the funding came from the European Commission. The technical assistance mainly funded the employment of one person in charge of the monitoring and evaluation. It also funded some expenditure related to travel, meetings and seminars. The two other full time jobs were funded by the Département (in fact they are regular employees of the Département).

If we consider all the projects funding, the total amount during the TEP being 8.01 M euros, the relative share of the contributions was the following one:

- Europe: 29%
- FEDER : 10%
- Social Fund : 88%
- FEOGA: 2%
- Objective 2 : 8%
- Objective 3 : 62%
- Objective 2 & 5b : 10%
- Objective 5b : 13%
- Objective 4 : 1%
- LEADER: 7%
- Conseil Général 26% (14)
- State: 11% (6)
- Région : 2 % (1,7)
- Other Public: 10 % (5,8)
- Private : 22 % (11,8)

- Additional Resources Levered In:

There were no additional resources levered in. The Pact was able to use additional monies from the Structural Funds, at very high bureaucratic costs.

- Cost-effectiveness:

This point has not been really studied, at least from a quantitative point of view. If it was more cost-effective than mainstream Structural assistance in the area, it is probably because mainstream structural assistance was poorly specified in terms of projects. Another reason for cost effectiveness is given by the local actors: The TEP has developed more active than passive instruments. In the short run, the cost effectiveness difference is not important, but the longer the term the higher the greater the advantage of the active measures.

For the same reason, we can consider that the Pact was more cost-effective than other forms of assistance in the area, mainly those mobilized through the Direction du Travail. There were no displacement effects.

7 - Dissemination and networking activities

The dissemination effect is here very difficult to appreciate. In one sense there were actions for disseminations, with general regular information and an important colloquium: “Three days for employment” (25-26 of October, 2000). This meeting was organized with inputs coming from many other Pacts (French or from the other European countries). It showed that cooperation with the other pacts existed, its main effect being to provide information and more examples of what can be achieved.

The contribution of Europe Innovation was considered as very limited

8 - Mainstreaming

The TEP will continue, and its instigators consider that it could have an important impact on local actions for employment, whatever their origins. Three new themes were defined:

To extend the partnership by substituting an orientation committee for the previous steering committee. The difference between the two committees refers to an extension of partner involvement: universities, incubation centres, and associations will be invited to participate fully in the activities of the TEP and not only when a specific project of common interest is examined;

To renew the previous action plan to fit more closely with the four themes of the European Employment policy.

To benefit from a better connection with the other territorial based programmes (PLIE, Pays).

- Into Structural Fund 2000-2006

Yes, the Pact continues after the end of the programmes, and its main difference lies in its openness to new partners. This will probably develop action in sectors which were not really taken into consideration before, such as the third sector. Probably too, funding will be more diversified instead of being polarized on the SF. But the changes will be more an enlargement of the initial TEP perspective than as a change of strategy.

A demand for new technical assistance was made in the framework of the Social Fund (Measure 10A). It would mainly finance the wage of the person in charge of the monitoring and assessment, and an initial study during six months.

- Other forms of sustainability of TEP interventions

An agreement has been prepared between the Conseil Général and the Préfecture de Région to create a ‘TEP’ programme classification. Programme actions which would incorporate partnership, bottom up approach, integration and innovation would then be

qualified as a TEP even if they were not undertaken by the official stakeholders of the TEP. Moreover a Committee 'TEP' would be created in order to enable some projects to access the S.F. more rapidly.

The TEP will concentrate on some systematically innovative actions. The Conseil Général is ready to fund approximately 0.8 M euros during the next three years, mobilizing EQUAL funds.

9- Assessment of the overall added value of the TEP

- Contribution of the TEP to achieving Community Priorities

There should not be any doubt on this point: the TEP was organized on a basis where no traditional employment policy existed, and by authorities with a territorial logic. As said before the partnership was relatively limited at the beginning but it was increasingly extended. One interesting point here is that the projects undertaken by the Conseil Général on behalf of the TEP have assimilated such ideas as partnership, bottom up integration and innovation all over the area.

With regard to employment creation, The Pact has had significant effects. About 1042 400 jobs were concerned, and a very innovative action should be underlined here, which stabilized jobs by grouping employers in order to create full time jobs on an annual basis (about 140 jobs). The objective of equal opportunities was present here.

- Methods of implementation of the TEP

The TEP did not operate as previously in other areas, due to the "political-administrative" support of the TEP. But its main benefit was to stimulate innovative projects: thanks to the presence of the department, some projects which would not totally satisfy the prerequisites of the state regulations can be agreed on in this new framework and benefit from the financial resources of the department.

A main technical difficulty encountered came from the fact that the procedures for funding the project were very heavy, mainly when they dealt with the use of structural funds. This implied a very intensive coordination between different administrative actors. The counterpart was that when a project was decided, it was easier to implement it.

The partnership was restricted at the beginning but it was much larger at the end, and the new 'TEP' will increasingly welcome permanent partners.

Monitoring dealt principally with the statistical analysis of financial movements and job creation.

- Financial Dimension

It is difficult to speak in terms of leverage effect here since according to the existing regulations, the majority of the actions had to be financed. If we really need to measure the leverage effect of the S.F, we can say that it was approximately 3.2. But if we consider the leverage effect related to the Conseil Général funding, it is 3.8.

What was probably the effect of the TEP was the transformation of some ideas in sustainable projects due to an intensive activity of coordination and technical assistance. If we consider the projects supported through this process, fifty projects were funded of four hundred ideas each. A characteristic of this TEP is that it was progressively considered as a "bank for projects" related to unemployment problems. Many stakeholders and NGOs came to ask for some technical assistance and funding, which explains the differences between the number of ideas presented and the number of projects. One of five does not mean here that one project of eight was accepted. It means that one of eight more or less developed ideas

was transformed into a sustainable project, intermediary steps being to define these ideas in 150 potential projects. We can speak of a catalytic effect more than a leverage effect.

- Networking, dissemination and exchange of experience at EU Level

Networking, dissemination and exchange of experience at EU were not an important element at the beginning of the TEP. Moreover, the supporting structure did not have a different strategy from the TEP activities than for its mainstream activities. European assistance disseminated the idea of networking and dissemination, and with the development of the TEP some elements have appeared which have always been welcomed. But to give an illustration, there was no regular information letter as in the other TEPs.

The best element of networking and dissemination was the success of the TEP for the related area. It is now considered as a reference and many actors are looking to exchange experience and information in this new context.

9- Lessons

As far as a TEP is supported by a department, which is a local political authority with its own administrative system, this creates an original situation. The TEP will benefit from important resources, and it may develop a good bottom up approach. At the opposite, the partnership was biased at the start with regard to both its composition and operation. The main challenge was to overcome this initial weakness and it seems that in Montpellier-Hérault this was a success.

III - Pays de Valois

The TEP of the Pays de Valois is one of the smallest French TEPs. It presents two main characteristics with corresponding lessons:

- Located in the general area of Paris - and more precisely of Roissy Airport - it presents a very specific labour market. The employment situation is better than the national average but the majority of the active population solve its employment problems by travelling daily to Paris, which creates specific challenges.
- Supported by a Communauté de Communes, i.e. by a local elected authority, it illustrates the advantages and limits of a partnership organized from that type of structure. Its advantage is related to its high availability of technical qualifications, financial resources and political legitimacy. The disadvantage lies in the difficulty for a political elected body to create a solid partnership. But as the experience has shown, this last problem was surmounted thanks to a very good relationship with business, which is unusual in the French context.

1 - Background to the Pact

Spatial Context

Pays de Valois is a small area of about 50,000 inhabitants located in the south east of the department of Oise (Région Picardie), very close to the border of Ile-de-France, at 25 kilometres from Roissy Airport and at Approximately 50 kilometres from the centre of Paris. The size of this area is 730 Km², which means a density of 66 hbs/ Km². This area was traditionally mixed with rural and industrial activities. The rural activities are now employing approximately 5% of the active population. The traditional industrial structure has

progressively declined, mainly in relation to the closure of a very important employer, CASE POCLAIN S.A. which has relocated to Berlin (Gr); the share of this industrial sector is still 36% due to the sub contracting of automobile parts. The tertiary sector occupies 55% of the local employees. In fact the main characteristic of this area is the daily migration to Paris of about 50% of the active population. It can be considered as a Semi-Rural area, mixing both “urbanised rural” and “sub-rural”. It used to be a rural area with industrial activities but it is more and more an urbanized rural area with predominant daily movements to the capital.

Economic Characteristics of the Territory:

The characteristics of the area are not extremely negative, in that sense that its level of unemployment is relatively high for France: 8,3% at the start of the Pact which was much lower than the national average, and 6,5% at the end of the TEP which was again much lower than the National average (9%). There are no strong inequalities and disadvantaged groups, but the area has many difficulties due to the fact that the actual labour market is remote from housing opportunities. Most of the recent population were executives coming from Paris. An important constraint exists for groups who do not possess or use cars since there is very little collective transportation, Pays de Valois being beyond the border of the Ile de France transportation system from Paris.

Industrial restructuring is partly complete: the Pays de Valois has lost some of its biggest employers and now it has to keep its subcontracting automobile industry and to attract more logistic and transportation companies. The main challenge in terms of industrial structure comes from this development of the transport and logistics industry, which creates a very different demand for qualifications.

Labour Market Context

At the start of the Pact, the Labour Market was relatively slack with a rate of unemployment of 8-9% which was one point and half lower than the national average. At the end of the TEP, the indicators were better but the main characteristic of the area did not change. The rate of unemployment, the rate of long term unemployed and the rate of people unemployed for more than two years were lower than the national average. The unemployment rate is close to 6%, which may be considered as a close to full employment.

Employment Policy and Intervention Context

In the department of Oise, a very dynamic Public Employment Service existed when the TEP began. This was partly due to the fact that this department has known a lot of unemployment and was one of the first mobilized to fight against unemployment. This Service undertook a clear territorialization of its actions in 1997, as demanded by the Ministry of Labour. These actions were mainly focused on long term unemployed stakeholders and disadvantaged groups – which was very different from the TEP perspective – but they were defined at the same territorial level than the TEP and with the same principles: partnership, bottom up approach and integration. A very positive fact was that the local representative of the State administration was very favourable to the TEP and cooperated as soon as the Pact started.

The Regional Council of Picardie had asked the local municipalities of Pays de Valois for a development project in 1988. This regional initiative had created at the level of the future ‘Pays de Valois’ an association for development supporting one job in charge of economic and social development with a natural focus on the unemployment situation. Through successive legislative changes, this activity was always present, and its response to unemployment was delineated long before the TEP began. Therefore, on this territory there

was both a local unit in charge of employment and a relevant subsidiary service of the Labour State administration. Moreover, an employer forum had been created in the small city of Crécy, which offered a potential partnership. Therefore, very favourable pre-existing local conditions existed, with meetings between the local representatives of the State, the Region, the department, the employers and the new Pays structure. They used mainly resources from the National projects, and very few from the structural funds (Objective 3).

Governance Context and Available Space (Niche) for the Pact to Operate

At the level of the Pays de Valois there was no unit responsible for employment. In order to understand this, we have to remember the genesis of the supporting structure of the TEP. The Pays de Valois corresponds to an area identified by the Région as a development local association. Thereafter, Pays de Valois was officially recognized as an administrative area without any liabilities. This local association was transformed in a 'communauté de commune', i.e. a union of small municipalities (1996 & 1997). Legally, its role was to manage some common fiscal resources and public services. Its action in the field of employment was not legally defined and it could result only from a voluntary approach. But as soon as this structure existed, it connected all the elected stakeholders and some other partners, such as the Groupement d'employeurs de Crécy.

This small structure took the opportunity to ask for a TEP, mainly under the influence of a local elected responsible who was member of the Committee of Regions in Bruxelles. The first assistance letter was given on November 5th 1997 and the first technical assistance was received on January 23rd, 1998. The Action Plan was approved on November 6th, 1998. It was an opportunity to give more content to a young partnership that had been existing for two years. Another similar opportunity existed at the time: the fact that the LPES had decided to decentralize itself at the same level and to be a real partner for the TEP. Then technical and political responsibilities were united. When the TEP was prepared, two staff members already existed in charge of economic and social development, supported by the Region and the Communauté de Communes, with two additional staff coming with the beginning of the TEP.

Application process

As mentioned above, the application process was an opportunity to give more resources and content to local development. A point must be stressed: this area did not benefit from Structural Funds and the consideration of these funds was really absent from the expectations. However, the daily commute of more than 50% of the local active population was considered a problem in need of solution. It was a very empiric process but with the underlying idea that a strategy developed between local municipalities, LPES and local employers would benefit everybody.

2. DIRECT OUTPUTS AND RESULTS FROM THE TEP

- Pact Mission

The creation of the TEP was a personal initiative, which explains its very empirical approach. As many territories, Pays de Valois intended to transform its growth potential in job creation potential. Pays de Valois benefited from one main advantage: to be located in an

area that is very attractive at the European level. But Pays de Valois suffered from the fact that many of its inhabitants are working in the Paris area. This lowered its unemployment rate, but this disempowered the territory from its resources. In that Pact more than in any other one, the challenge was a development challenge.

The main direct output was a development project for the Pays de Valois, with an important focus on employment. This project integrated a precise diagnostic, which was agreed on by the Communauté de Commune and its partners (mainly the Groupement d'employeurs and the LPES). At that stage, some hints were already indicated with regard to the projects and actions possible, and the solidity of the partnership appeared as a guarantee. Five themes structured the programme:

- to support business creation;
- to support the development of existing business;
- to develop social utility employment;
- to develop teleworking;
- to facilitate employment accessibility.

The other main direct outputs dealt with the organization of an enlarged partnership in relation to some specific actions. For example, a Journée was organized on the theme of "New services for Business" (28/09/2000) during which one hundred stakeholders worked through specific workshops to exchange diagnosis, ideas and projects. This was very useful and one consequence was the organization of a 'pépinière d'entreprises' (incubation centre).

But very soon, the main activity of the TEP was to back and consolidate some new projects. This may be explained in the following way : when a Pact is supported by a structure which is mainly a political institution, it cannot organize many actions in a direct way and it has to institute some very flexible processes in order to benefit from the required general consensus.

For the sponsors the objectives were clear, and the team who instigated the TEP has always considered that the mission such as that defined by Bruxelles was clearly defined. The existence of a group of local representative actors that merged their resources and energies created a very favourable environment for the TEP.

- Extent to which the 4 TEP objectives were met

- Bottom-up approach

This point has really been focused on and one very good illustration is the mobilization of local actors around the employment objective. In the Pays de Valois, as said before, the LPES was very effective, without benefiting from the local base required to specify the needs and the corresponding responses. Thanks to the TEP, the Pays de Valois organized many meetings bringing together the LPES and the basic actors of the area. This was very helpful and the LPES could fit its actions with the areas needs. The consequence of the Pact was not to create new actions but to give more efficiency and effectiveness to actions that would have been implemented with or without the TEP. This does not mean that all grass roots organizations were mobilized. A surprising element was that the small associations acting in the field of secondary services have not been really contacted (less some rural organizations), and this point was negative.

- Formal, broad-based partnership

As mentioned above, two movements around the central structure, the board of the ‘Communauté de Commune’ mainly organized the partnership.

- The first movement was directed towards the Group of employers. This group, originally concentrated on the city of Crécy, decided to extend its limits to the TEP boundary, and it was a success.

- The second movement was directed towards the LPES. As soon as the TEP started, the Pays de Valois closely associated its representatives. The TEP created a correspondent in order to guarantee a good connection with regard to both the design of the projects and their implementation. Two other partners have to be added : the rural social Centres in charge of training in rural areas and the Chambers of Commerce.

This partnership was not extended greatly. More precisely its core did not change. Every time a specific project was considered, a task group was formed and some relevant actors were invited. But the partnership did not extend too much and it was more or less the same at the end of the pact than at its start.

This partnership can be presented in the following way:

- ❑ Local authorities : Five municipalities
- ❑ Regional authorities: The Conseil Régional de Picardie
- ❑ Other government bodies: The Conseil Général de l’Oise
- ❑ Public employment services: The Direction Départementale du travail; and the Local Agency for Labour market management (Agence locale pour l’emploi)
- ❑ Private sector: The Groupement d’employeurs du Valois and the Chamber of Commerce
- ❑ Social partners: not too much
- ❑ Social economy: only some associations acting in the domain of training
- ❑ Research and Higher Education Institutes: mainly the High Schools (there existed no universities in this territory)
- ❑ Others : Social Rural Centres

These partners were involved at various stages of the Action Plan development and implementation, such as described in the next Table:

	Partners involved	Type of involvement
Identifying needs	LPES Groupement d’employeurs du Valois	Consultation & concertation Consultation & concertation
Defining the Action Plan strategy	Pays de Valois	Decision and Validation
Implementing the Action Plan	LPES Groupement d’employeurs du Valois	Inputs in resources Consulting, advice & participation
Monitoring of activities	LPES Groupement d’employeurs du Valois	Management of many projects (almost exclusive management for insertion programme) Consulting
Involved in Pact projects	Groupement d’employeurs du Valois	Follow up of some new companies (parrainage)
Evaluation and review of the Action Plan	Communauté de Communes	Not really

Around the Conseil of the 'Communauté de Communes' one steering group existed, and according to the activity specific task groups were formed for every project. All the information and decisions were centralized at the board level, and afterwards its decision was disseminated through the system of information of the 'Communauté de Communes', i.e. through the documents delivered by the municipalities. Some more direct information was delivered, related to specific actions.

There were no formal agreements between partners since the main responsible body was the board of the 'Communauté de Communes'. For specific projects (or indirect outputs) some agreements were signed in conformity with the corresponding regulations or financial partnerships.

Partners did not expect some specific benefits. They did expect that the process of associating partnership, bottom up approach, and integrations, would be adapted to the kind of problems encountered and to the wishes of their populations. The benefits accrued in this way were precise, relevant and feasible. At the end of the TEP, they did not ask to continue another one, but this paradox may be explained by the fact that the TEP's methodology was now encapsulated in the territorial management.

If we intend to clarify the reasons for this success, we have to stress the fact that the two relevant partners were genuinely involved as soon as the Pact started and trusted each other. A weakness comes from the absence of the cooperative sector that could have enriched the projects and is more efficient in terms of job creation.

- Integrated strategy

With regard to the creation of consolidation of new activities, the demand and supply elements were clear. The same can be said for training programmes. The most important theme, teleworking, was mainly from the demand side and nothing has really emerged from the supply side.

- Innovative elements of the Pact's activities and working methods

Teleworking was intended to be the major innovation but it failed. This strategy for teleworking was very curious. Teleworking was considered as a process of creating the opportunity for workers employed fifty kilometres away to work two or three days a week at home (or in a adapted building close to their home). The nature of the activity did not change and the employer was the same, but the spatial organization of labour was totally changed. The difficulty with such a strategy is that the instigator was obliged to contact as many businesses as there were persons involved and this is why the innovation failed before beginning.

This idea of Teleworking was the main innovative project. But its non-implementation did not mean that they were no other elements of innovation. Another one was the potential organization of "Groupement d'employeurs" an instrument that was in use at that time. The specificity of Pays de Valois lay in the fact that the partners considered that this groupement should be connecting different kinds of activities (mainly different types of services). This did not succeed. Another innovation (at least in the French context) was the organization of "Chantiers écoles" in the preservation of vernacular Heritage. This innovation was a success, but with a composition of the beneficiaries slightly different from the one expected at the start: more adults and less young stakeholders.

A new instrument that the Pact introduced to address employment locally was the creation of a Local Initiatives Platform (which was part of a national network, France Initiatives Réseau). Another one was the creation of a business incubation centre managed by an association

created by the partners of the TEP. Another one was the renting of an industrial area. These instruments have regularly been adapted over time.

Considering working methods, two innovations were introduced. The first one was the creation of an observatory (a very light structure), which was in reality a regular information network around the official data produced by the INSEE. Since Pays de Valois did not correspond to the traditional administrative districts of the Labour Market, its work was highly relevant to understand local challenges. The second one was the creation of task groups according to the specific problem considered, in coordination with the steering groups. This induced a precise design of the actions into a coherent general framework.

3. PACT'S SPECIFIC OBJECTIVES AND PROGRESS

The Pact was an empirical and pragmatic process related to the maturation of the pre-existing partnership. With regard to the expected results, there were two types of specifications:

- for new structural actions, there was no precisely quantified objectives;
- for short-term indirect actions, the objectives were systematically quantified (and attained).

The ultimate decider was the council of the Communautés de communes for the direct actions and the steering group under the supervision of the council for the indirect actions.

The objective related to Teleworking had changed in that sense that it could not be monitored in terms of specific actions.

234 jobs can be considered as created by the TEP. This proportion looks normal with regard to the other TEPs. But the main characteristic here is the relative importance of jobs related to a better match between demand and supply for labour. The two others categories of job creation are relatively low, and two explanations exist:

There were very few direct jobs since the potential of new services was almost totally ignored.

The proportion of the jobs related to the creation of new businesses is much more important, but relatively small compared to the other TEPs. In fact, an important initiative was organised through the creation of the Platform France Initiatives Locales, but this initiative has only begun to create some effects at the end of the TEP.

	NUMBER JOBS	DIRECT JOBS	NEW BUSINESSS	BETTER MATCHING
PAY S DE VAL OIS	234 (0.04%)	10 (4.2%)	60 (25.8%)	164 (70%)

4. Indirect Outputs/results: Impact on Employment and Economic development

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTING TO ACHIEVING OUTPUTS/RESULTS
ENHANCE EMPLOYABILITY				
Evidence of professional Guidance and Orientation actions for beneficiaries	Training programmes. These programs have implied about 100 stakeholders	Direction départementale	The technical unit has stimulated the thinking about professional guidance, and attracted the LPES in order to implement more accurately its task.	0,2 M. of euros 100 persons
Types of target group and numbers of beneficiaries reached	Long term unemployed, and Workshops for Heritage conservation	Direction départementale TEP supporting structure	The technical unit has defined the target groups in connection with the LPES.	Euro: imprecise 24 (2.12) 50% of re employment
Evidence of increased access of beneficiaries to labour market	Aid to transportation by delivering cars during a six month period (Valois Mobilité)	Direction départementale	This was a very initiative from the TEP. The TEP had to convince the partners.	0,8 M. euros 40 stakeholders
ENCOURAGE ENTREPRENEURSHIP				
Evidence of business start-ups/survivorship	Plate-forme d'Initiative Locales	Direction départementale TEP Local associations of management	This is probably the most important result from the TEP. The technical unit has mobilized a network of companies which existed previous to the pact but	58 Projects on 3 years 25 jobs

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTING TO ACHIEVING OUTPUTS/RESULTS
	<p>Incubation centre (Espace Valois Entreprise)</p> <p>Location of Spaces (Bâtiment industriel locatif)</p>		<p>that found in this initiative a field of intensive partnership with public actors.</p> <p>The TEP has defined this Incubation centre (but its management was implemented through a different structure associating the main partners of the TEP)</p> <p>The TEP was a facilitator to organize this Location Space</p>	<p>8 projects and 4 businesses created 25 SMEs, 25 Jobs</p> <p>10 Jobs</p>
ENHANCE ADAPTABILITY				
Evidence of positive change in business performance resulting from actions to encourage adaptability (e.g. reduced business failure; increased staff retention; halted decline in trading statistics etc)	The Platform was recognized as a very efficient support	TEP Groupement d'entreprises du Valois	The Technical unit has acted as a facilitator	The rate of failure of the new businesses is 15% after one year, instead of 50% at the national level
Equal opportunities (gender)				
Shifts in gender balance of workforce	Not really	-----	-----	-----

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTING TO ACHIEVING OUTPUTS/RESULTS
Evidence of increased access of target beneficiaries to services to enable access to labour market	Yes for some long term unemployed stakeholders	TEP Direction départementale	Yes, by creating a Mission in order to investigate new needs	Budget from the TEP technical unit
Evidence of increased access of target beneficiaries to labour market itself				The reduction of the rate of long term unemployed , from 31% to 28%
Removing barriers (for particular target groups)				
Evidence of improved information on labour market	Yes, the observatory		Important role of the TEP for organizing the required partnership	Budget from the TEP technical unit
Evidence of improvement of pathways to work	Yes, Chantier & some Emplois Jeunes		TEP as a partner and mediator	
New sources of jobs				
Creation of new social businesses In which sectors?	Not really			
Evidence of new types of jobs or new sectors impacted upon by work of Pact	Some Emplois jeunes, but in a very incidental way. Not a real strategy		The TEP had mainly an information role	10 Jobs
Job creation				
Types of jobs created: Number of full-time, part-time, seasonal jobs created or safeguarded (if available)	234 Jobs			Approximately two hundred by combining all the results of the action

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATION	NATURE OF TEP CONTRIBUTION AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTING TO ACHIEVING OUTPUTS/RESULTS
Information on the quality of jobs created: <ul style="list-style-type: none"> - wage levels, - occupational classification, - status (i.e. number of jobs under open-ended or fixed-term contracts) - number of employment after x months of end of TEP 	Two very different types of jobs: qualified ones in the new businesses; lower qualification in the domain of services or Public Works			

N.B.: The technical unit means the coordinator and its staff (chargé de mission, secrétaire). This unit is in charge of the operations of the Pact and it has to explain its activities before the board. For some actions some members of the board do participate in the operation, such as the President.

It is impossible to split financial support between the different sources. The amount of SF is an approximation given by the technical unit. This difficulty deals with the fact that the pact did not manage the specific programs (with the exception of some research and studies).

- Monitoring and Evaluation

The technical group of the Communauté de communes in connection with the Direction Départementale du travail collected the information on the Pact. It informed the board on the progress of the TEP. There was no external monitoring or assessment. The evaluation method results from the presentation and discussion of the results of the TEP in front of the steering group and the conseil of the Communauté de Communes.

5- Other Indirect Outputs/ Additional Benefits

Labour Market

- Labour Market Characteristics in the area had changed at the end of the TEP, with a reduction of one and half points in the rate of unemployment and three points in the rate of long term unemployment.

Employment and local development Policies

The TEP was unanimously recognized as having imported relevant processes of consultation and action. Every participant insisted on the fact that it was an opportunity to meet together, which did not happen before.

But a difficulty has occurred: the Région intends to define its local development scheme at a wider boundary than the Pays. This means that the partnership has to be revised, integrating the area of Senlis-Chantilly, which will increase the area by approximately three times the number of inhabitants.

Learning and Co-operation between local actors at the end of the Pact

The Partnerships did not change too much during the TEP and relations with other levels of government were maintained.

Debate on the new services was mainly directed towards business and much less in the direction of secondary services where the grass roots organizations are important actors.

- The Pact did contribute to increased understanding of the local environment and the needs of the local community with regard to two main problems: the daily commute; and the increasing needs of the logistics and transportation sector.

6. Management of the Pacts

- Roles of key stakeholders involved in the implementation and management of the Pact

The coordinator has changed during the pact, which made things more difficult. But the main difficulty dealt with the nature of the supporting structure, a political council, which gave the TEP strong legitimacy but bureaucratized some decision-making processes. The links with the other levels of government and the business network was very good. The regional and local authorities have always had a positive stance toward the TEP.

The support of the commission rapporteurs was good and the benefit from the international meetings very high. However, the role of the National experts was controversial. Their role was not clear and their assistance irrelevant. They could not give precise information on other programmes or experiences. This was a pity because some additional information could have opened other processes or ways of working.

- Pact Resources (institutional, human, financial etc)

- Institutional and Human Resources Levered In : Three staff members were devoted to the TEP. The difficulty was that they had other roles in the 'Communauté de Communes'. But they did not consider their roles as contradictory. In fact the TEP received other support since the representatives of the LPES considered themselves as input to the TEP.

- Financial Resources Levered In: This point is difficult to interpret since the pact did not try to lever any resources from the SF (this will probably change in the future due to the new regulations). This fact is confirmed by the fact that the TEP did not ask the technical assistance of the Social Funds to go on. In fact the main funding for the projects of the TEP came from National funds either public (Department of labour) or Private (France Initiatives Réseau). Other funding was as follows, in euros:

Totality of the TEP Funding: 1,711,000.00

Community Funding: 427,000.00

National Funding: 535,000.00

Regional Funding: 606,000.00

Local Funding (with Dpt.) : 143,000.00

In terms of use, the allocation of funds was as follows:

Valorisation of endogenous development: 39.8%

Entreprises environnement support: 2%

Infrastructures : 0.0%

Human resources Valorisation : 17.5%

Insertion & Integration actions: 17.3%

Agricultural & Rural Development: 0.0%

Technical Assistance: 23.4%

The Community technical assistance mainly financed the two chargés de mission wages, as well as some additional expenditure for organizing local meetings and travel.

- Additional Resources Levered In: According to the coordinator the leverage effect of the TEP was probably 1/3; creating three times more expenditure than the technical assistance funds alone.

- Cost-effectiveness: The Pact appeared more cost-effective than mainstream Structural assistance or other forms of assistance in the area since it garnered better implementation conditions in terms of information and stakeholder involvement. There were certainly no displacement effects as a result of TEP intervention.

7- Dissemination and networking activities

- Dissemination : There were few planned Dissemination Activities. The main activity in terms of communication was to create relevant information and explain what could be done. Therefore the dissemination of results was made through the more traditional information system of the participating municipalities. The target audiences were very general but every partner disseminated its own information (e.g. the groupement d'entreprise du Valois disseminated a lot of information on the TEP to business).

The main outputs/outcomes from the Pact to be disseminated were probably related to the activity of the incubation centre.

The audiences for dissemination were mainly local and regional, but not national (only through the meetings between the TEPs).

- Links to other Pacts: The TEP did not co-operate with other/similar Territorial Employment Pacts, out of the meetings organized by the commission or at the national level. The meetings at the Community level were very beneficial and created a strong motivation. According to the actors of the TEP, the meetings at the national level were not so useful and were in fact reduced to lobbying meetings.

8- Mainstreaming

The Pact did not continue after the expected end of the programme in March 2000. There was not a strong demand from the partners to continue the TEP and many of them were increasingly involved in specific programmes. Moreover, the issue of SF was not very important for this area and the most important objective was to be in touch with strong and positive demand from the Region.

Pursuit of the Pact is more difficult now because there is an extended area for partnership, due to a specific demand from the region, which did not correspond to the previous one. The new area is much wider and has to consider new partners. The partnership with the direction departmental should not change since the stakeholders concerned are more or less the same.

The actions initiated by the Pact are still funded, in any case.

The Region is securing additional technical assistance funds for continuing co-ordination of the Pact partnership, as it used to be the case before.

The Pact Partnership continues to operate on an informal basis, but less and less. There are no actions undertaken in that direction.

9- Assessment of the overall added value of the TEP

- Contributions of the TEP to achieving Community priorities

The TEP has achieved the community priorities both in objectives and in processes. The level of employment has increased (albeit in the context of a strong macro-economic recovery) but the most important point is the increase in entrepreneurial ability due to three main initiatives. Human resources have been developed mainly via training programmes. Equal opportunities were not a predominant objective. It seems that all the jobs related to the creation or consolidation of new businesses and activities can be attributed to the TEP. The effect resulting from training programmes would have probably been realized without the Pact: however the crowding out effect is certainly not 100%.

The number of jobs related to the TEP's projects is approximately 224. Very few are related to new services; approximately 25% are related to the creation of new businesses and activities and the remainder related to the better match between demand and supply for labor.

- Methods of the implementation of the TEP

The required methods have been implemented. They fitted with national and regional initiatives. It is difficult to consider whether new partnerships have appeared since the main partnerships existed before the start of the TEP. But they have undertaken new functions since they benefited from resources that did not exist before. Monitoring from the Communauté de Communes was effective, but there was no assessment.

- Financial dimension (multiplier and leverage effect of the TEP)

If we think in term of multiplier effect considering the Community technical assistance as the basis we can say that this multiplier effect was approximately 4.

- Networking, dissemination and exchange of experiences at the EU Level

The added value of the participation in the transnational seminars is recognized as positive. The participation in regional or local networks is more controversial. The transferability of actions is predominantly relevant to the projects in relationship with business environment. For Teleworking, which was a high objective, transferability is impossible.

10 – Lessons

- The partnership with business and the LPES worked particularly well.

The TEP has benefited from previous connection with the business, but it has developed and extended this relationship. Another reason for this success was the existence of a very specific project aiming at the creation of new business. Therefore business has seen in the Pact an instrument to develop the entrepreneurial structure on the territory.

The TEP has created very good links with the LPES. The corresponding stakeholders (businesses) have agreed to merge their efforts and they did not consider each other as competitors. The LPES found in the Pact an opportunity to carry out a diagnostic and implement its actions. The Pact could mobilize the important financial resources of the LPES.

- What aspects of the TEPs did not work well?

The partnership with the third sector did not work very well, probably because the supporting structure was reluctant to work with small NGOs.

Another aspect did not work well: the teleworking project. The Pact realised in retrospect that its actions in this area were ill-judged. It was impossible to define a teleworking project with many businesses located out of the area: it would be much better to create a teleworking business in the area, which was totally different.

- What was the most added value of the TEP, in your opinion?

The partnership with business was a real success. But maybe the most interesting aspect was to disseminate the idea of local development in an area very close to Paris and to try and change the system of labour of this area. According to this criterion, there was no short-term success. But this could be different in the long term thanks to the TEP.

II – 4 Saint Herblain Indre Coueron

The TEP of Saint Herblain – Indre – Coueron is generally considered in France as one of the most successful TEPs. Supported by a PLIE, it has demonstrated the effectiveness of a TEP when based on a strong relationship with business. The underlying strategy of the TEP was to think of the problem of employment in terms of economic development and not only in terms of matching demand for labour with supply for labour. This view had two effects:

- It created an efficient division of roles between the TEP and the traditional Local Public Employment Service in charge of traditional employment policy.
- It created a very favourable atmosphere between the technical unit of the TEP and the representatives of business. Business could participate in the think tanks and pilot groups without fear of being accused of not creating enough jobs.

Its exemplarity did not stop with these two elements. The TEP does not exist any more now, but its processes were extended at the level of the Greater Nantes. The new organization disseminates the values of the TEP process at a greater scale, which can be considered as a success.

1 - Background to the Pact

- Spatial Context

The TEP of Saint Herblain (in fact it dealt with three municipalities: Saint Herblain (the most important), Coueron and Indre) is located in the west suburbs of Nantes. Its population amounts to 70,000 stakeholders and it can be defined in French terms as an Urban Industrial Area, and in more European terms as a semi rural area. The industrial consideration is due to the fact that it is very close to traditional maintenance shipyards, with companies producing or maintaining parts of it. The rural one is due to the fact that this territory is a border between the agglomeration of Nantes and its rural environment. In that sense it should be more relevant to consider the area as “urbanised rural” (closer to the urban) than “sub-rural” (closer to the rural periphery).

- Economic Characteristics of the Territory:

In the eighties, this area was concerned by a strong fall in industrial employment (- 2,400 jobs in eight years), partly offset by the increase of jobs in tertiary activities (+ 1,600

jobs) mainly located in commercial centres used by stakeholders from both inside and outside the area. But when the TEP started, the rate of unemployment was very high: 16.5 % in 1997, which was much higher than the national average (11%) and the Nantes region (Close to 11%).

- Labour Market Context

At the start of the Pact, the labour conditions were as follows:

- The Labour Market was slack, and the rate of unemployment surpassed the average of the region by one point (which was approximately the rate of unemployment at the national level (11%);
- There was a discrepancy between traditional industrial qualifications and the new required tertiary qualifications.

- Employment Policy and Intervention Context

Before the TEP, the area was characterized by an emerging partnership between the PLIE and the employers' association. The PLIE (Local Plan for Economic Integration) was a national scheme applied at the level of a municipality or a group of municipalities. Its object was to define a set of actions in order to reintegrate unemployed and long-term unemployed people into the labour market by using the most direct levers available. This scheme was created in 1991. In Saint Herblain, this PLIE was created in 1993 and extended to the two other municipalities in 1996. As soon as the PLIE was created, its responsible entered in connection with a club of employers, which was slightly older (1991). The seminal idea of this connection was very important and it underlay the whole TEP implementation: it is impossible to integrate the inactive without sustaining new employment creation. The connection between the PLIE and the employers association had therefore as first objective to try and create new jobs, and to subsequently change the parameters of economic integration. The main lever was at first the debate about real estate: during this period, many important commercial projects challenged the real estate allocation and demanded administrative authorizations. Then, the PLIE got in touch with the group of employers in order to solve these problems and to raise the challenge of creating new jobs. This partnership performed quite well because it was a positive sum game.

- Governance Context and Available Space (Niche) for the Pact to Operate

Traditional French governance of the Labour Market is organized around the ALPE (Local Agency for employment), which is the local branch of the National Agency for employment, under the direction of the Direction Départementale du Travail et de l'Emploi (DDTE). The Pact did not intend to change this system and considered that its own task was to innovate by stimulating the creation of projects and jobs, and by easing the implementation of some new tools (groupements d'employeurs, i.e. associations of different employers in order to offer one full time job to a candidate instead of them having to take on several part-time positions).

There was no competition between this TEP and the main governance structure, and those responsible for this governance were anyway members of the TEP.

Significant capacity building was realized through the recruitment of 2.75 jobs (full time equivalent). It was decided that these jobs should be created only for the duration of the

inception of the TEP: ongoing operational jobs had to be financed through specific projects in relation to their specific budget. The legal form was that of a NGO, which meant that every project had to take the cover of a different specific organization. The idea was to make the TEP appear as a task force for partnership and innovation and not as a new administrative structure.

The association supporting the TEP created a steering group, which was more flexible and open than its board; and it created specific working groups according to the strategies.

- Application and selection procedure adopted by Member States:

The pact was selected from a top approach. There existed already in St Herblain an organization called “Entreprises pour le développement” which had been created as soon as 1995. This organization connected an employers’ association with the municipal local authorities and managed the French PLIE programme. The DATAR in Paris was looking for a PLIE able to support a TEP and got in touch with the responsible of this association. The local board agreed to be a TEP and the project was therefore very rapidly prepared.

The actors did not really expect any precise benefits at the start. But they found in this TEP an opportunity to consolidate and extend their previous agreement between business and local authorities. The expected budget was then considered as a lever to consolidate or implement some projects. And one of the first elements was to enlarge the previous partnership. Thanks to the TEP, new institutional partners and networks were included: Chambers of Commerce, local networks and NGOs (e.g. NGO for retired stakeholders) and so on. These new partners had no specific expectations, at least at the starting point.

2- Direct Outputs

- Pact Mission

The TEP was considered by its promoters as an instrument to surpass the traditional employment policy. Instead of considering only the process of matching on the Labour Market, the TEP promoters considered that the solution to the employment problem dealt with the objective of economic development. In the area of the TEP this had been evident for a long time since many economic activities had disappeared during the last fifteen years. But the culture was the same. It can be said that the mission of the TEP was to distill and disseminate a new employment culture mainly based on entrepreneurship. No others institutions possessed this perspective at that time in the area.

The main direct outputs were the following one:

- Consolidation and enlargement of the partnership, to include Boutiques de gestion, Chambres consulaires, Comité d’expansion, NGOs acting in finance, and local associations looking for new projects.
- Design of an action plan aiming at six main objectives, each one supporting indirect outputs:
 - Dissemination of a project approach in order to create self-employment;
 - Optimisation of the creation of new companies through specific workshops and tutorages;
 - Development of new potential services and new jobs;
 - Implementing new process of job management

- -Development of qualifications.
- - Creation of a PlateForme d’Initiative Locale.
- Publication of two written and electronic support:
 - An information letter every two months (1500 copies) disseminated all over the territory;
 - a more restricted letter “Entreprendre pour l’emploi” for the economic agents on the territory (700 copies).
- Two main seminars: one on “The investment of the employers’ associations on the local territory” (May 2000); and another one on ‘Social economy and its perspectives” (December 1999).

To these actions we have to add all the specific actions or information asked for by the Commission.

The sponsors understand their mission as an effort to integrate all the relevant resources in a bottom up partnership. The partners quite understood what the commission was asking for.

The coordinators role was to consolidate, enlarge and legitimise the partnership, and to use the resources to consolidate this process.

- Extent to which the 4 TEP objectives were met

- Bottom-up approach

The bottom up approach was organized at the local level without any contradictions or overlapping with the promotion of locally owned strategies/actions. This was accepted and appropriated by the different stakeholders due both to the consensus between businesses and the supporting structure, and to the quality of the technical preparation.

The grass roots organisations and local operators were effectively involved in the design and delivery of the Action Plan.

Broad Based Partnership

This partnership was genuine. Businesses and local authorities were present as soon as the TEP started, and NGOs and LPES rapidly joined the partnership.

As Number and Type of Pact Partners, we have:

- ☐ Local authorities :The three municipalities of Saint Herblain, Coueron and Indre
- ☐ Regional authorities: No one
- ☐ Other government bodies : No one
- ☐ Public employment services: Two: the local representative of the Agency for Employment (ALPE); Later on, Directeur départemental du travail et de la formation professionnelle
- ☐ Private sector: The club of businesss (approximately seventy five businesss)
- ☐ Social partners: not formally at the start
- ☐ Social economy: yes, they were representatives of local associations (mainly associations for various target groups) (approximately ten)
- ☐ Research and Higher Education Institutes : No, only second school levels (there were no Universities or Higher Education Institutes in the area)

These partners were involved at various stages of the Action Plan development and implementation :

	Partners involved	Type of involvement
Identifying needs	Businesss Municipalities PLIE NGOs	Prevision & advice Defining the needs for social cohesion Prospect ion & design Identifying needs
Defining the Action Plan strategy	Businesss Municipalities PLIE NGOs	Test of coherence Test of feasibility Main actor Councils
Implementing the Action Plan	Businesss PLIE Training organizations Local Agency for Employment NGOs	Very varied
Monitoring of activities	Businesss PLIE NGOs Municipalities	Sponsorship & tutorship Technical assistance Volunteer assistance Legal solutions
Involved in Pact projects	Businesss Training organizations Local Agency for Employment NGOs	
Evaluation and review of the Action Plan	PLIE	Main actor for defining, & disseminating the evaluation

The arrangements between partnerships were organized at a double level:

- The board of the association, which was legally responsible for every decision on behalf of the TEP;
- The steering and working groups which are in charge of the technical preparation and implementation of the various projects. But most of the time these projects are realized in the basis of another institution.

The fact that all the relevant stakeholders were connected through the pact was the main benefit of the partnership. For many partners the main interest of the bottom up approach was not to merely avoid a centralized approach but to have all the participants around the same table. This characteristic was enforced by the organization of the Pact: at the core the board and a steering group which permanently considers new actions; and a pilot group, the composition of which is adapted to the nature of the actions. And this structure is not vertical but horizontal. Partners recognized this as a benefit since they know very well that it would be impossible for them to benefit of the same association when organized by an

administrative structure which would present two limits: its competency is generally strictly limited; and it has not the possibility to work in very flexible terms.

- Integrated strategy

The strategy has demonstrated clear supply and demand elements. For example, when the TEP decided to create a boutique de services, it took the both the supply and demand sides into consideration.

- Innovative elements of Pact's activities

The TEP was considered as really innovative whereas the more formalized institutions are mainly implementing institutionalised devices. Three of its actions may be quoted:

- The creation of the Boutique de services in the big shopping centres: It delivers a lot of services that can be mobilized by the clients. In only one of these shopping centres it has created 15 jobs;
- The design of an employers cluster for creating new full time jobs: traditionally this system is considered as a solution to the seasonality of the work. Here the idea is to aggregate part time works to define a complete full time job, the underlying idea being that part time jobs are not able to create a good relationship between employers and employees and are preventing the increase of human capital;
- The organization of student training in business; they are mentored and monitored by another young person who is already working in the business.

The methods of the TEP were also innovative. Any new project benefited from a specific partnership defined by the steering group, which allowed having the most flexible approach. The TEP team has considered that this ad hoc partnership, linked with the more general partnership at the start and at the end, was very efficient. It prevented bureaucratic biases.

A good example of this can be found in the use of the Plate Forme d'Initiative Locale. This system encourages the creation of new projects by supporting them in terms of funding and assistance. This system, which was created by a network of partners at the national level, is generally adapted at the local level to meet the specificity of the territory. But very often the Plate Forme cannot really find the specific local partners they need. Then, the TEP decided to welcome and manage the Plate forme, to back their efforts and to mobilize these specific relevant partners.

3- Pact's specific objectives and progress

The objectives were partly considered when the TEP began, through a common brainstorming between the employers' association, the TEP board and the other partners. This was an opportunity to widen the perspectives.

The main idea was to do something more active than the traditional employment policy, without forgetting the problems of the target groups. Therefore the partners investigated the opportunities related either to the new ways of life or to the new types of actors. In that sense the objectives did not really change during the TEP but became increasingly sophisticated.

If we consider the number of jobs that can be attributed to a pact effect, we have to stress two main points:

- The relative number of jobs concerned fit with the average for such areas (0.05%)
- The number of jobs corresponding to a development policy, i.e. creation of new business and new jobs, was very high, almost 80%. This was different from the other TEPs and underlined the success of the underlying strategy. Without neglecting the more traditional policies (which were backed by the technical unit), the TEP tried to solve employment problems by engineering economic development in the area. Few TEPs have given such a priority to the creation of new jobs, through very innovative processes.

	NUMBER JOBS	DIRECT JOBS	NEW BUSINESSSS	BETTER MATCHING
SAINT HERBLAIN	395 (0.05%)	138 (34.9%)	173 (43.7%)	84 (21.2%)

Source: Personal estimation starting with the data collected in the final report and interviews

4- Indirect Outputs/results: Impact on Employment and Economic development

Five main groups of indirect actions existed: To develop a project approach; to optimise the creation of new SMEs; to potentialize new jobs; to organize new types of labour contract; to develop qualifications and employability.

In terms of jobs we have the following results:

- To develop a project approach and to optimise the creation of new SMEs: +133 (instead of 40 expected)
- To potentialize new jobs : + 138 instead of +70 expected
- To organize new types of labour contract +11 instead of + 40 expected
- To develop qualifications and employability : + 22

In terms of funds we have the following structure:

- To develop a project approach and to optimise the creation of new SMEs 316.000 euros (57%)
- To potentialize new job: 146.000 euros (20%)
- To organize new types of labour contract: 67.000 euros(9%)
- To develop qualification and employability: 105.000 euros (14%)

These results underline quite well the real nature and philosophy of this TEP : in order to solve employment problems, we must stimulate creation of businesss and new jobs.

The TEP contribution was mainly used to support the direct output and partly to fund the organizational structure of the first two main objectives. With the other funds obtained from Objective 2 & 3, this represented approximately 40% of the total funding. The other Funds were obtained from:

- National authorities: 14%
- Local Authorities: 34%
- Private Sector: 13% (enterprises: 54%; Boutique de Services: 40%; Participants to seminars: 5%).

Here are the main results. The cells which looked irrelevant for this TEP were dropped. This does not mean that some themes have not been explored such as the fight against discriminations but that these objectives were retrospectively less important than the ones that are presented.

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATI ON	NATURE OF TEP CONTRIBUTIO N AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
ENHANCE EMPLOYABILITY				
Evidence of professional Guidance and Orientation actions for beneficiaries	Procedure of competencies evaluation 40 Jobs concerned	ANPE External evaluation	The technical unit has acted as a facilitator in order to find out the relevant information	Mobilization of the instruments of the Direction départementale du travail
Types of target group and numbers of beneficiaries reached	No real and strong specificity			
Types of qualifications offered (accredited/not accredited training)	Tertiary qualifications			
Evidence of qualifications and skills enhanced, including: basic skills, 'hard skills', 'soft skills'	Basic skills and soft skills			
ENCOURAGE ENTREPRENEURSHIP				
Evidence of business start-ups/survivorship	Approximately 288 candidates 107 creations 153 jobs	F.I.R.Network External Evaluation	The role of the TEP technical unit was considerable. It has introduced the project and built up its different components, namely the	Support from the national network France Initiative Réseau

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATI ON	NATURE OF TEP CONTRIBUTIO N AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
			required partnership. Now it manages the project.	
Evidence of increased confidence in entrepreneurial possibilities by beneficiaries	Development of a project approach for existing and new businesss 11 beneficiaries 20 Jobs	Coordinator External Evaluation	The technical unit had developed specific actions of consulting and advice, mobilizing the entrepreneurial abilities of the existing companies	Resident businesss
New sources of jobs				
Creation of new social businesss In which sectors?				
Evidence of new types of jobs or new sectors in TEP and upon by work of Pact	Domestic services Business services Environment & recycling of materials Domestic: 60 Businesss:30 Environment : 40 New urban services: 8	Coordinator External Evaluation	The role of the TEP technical unit was considerable. It has introduced the strategy and built up the required partnership. But it does not directly manage the project.	Technical Support & partial Funding from different networks, and from the public services (employment & industry)
Job creation				
Types of jobs created: Number of full-time, part- time, seasonal jobs created or safeguarded (if available)	Shared time & groups of employers 2.22 = 44	Coordinator External Evaluation ALPE	The technical unit has introduced the idea and built the required partnerships	Specific associations of employers Financial

	IDENTIFY OUTPUT OR RESULT RELATING TO THOSE HEADINGS	SOURCE OF INFORMATI ON	NATURE OF TEP CONTRIBUTIO N AND SCALE	NATURE AND SCALE OF OTHER SUPPORT CONTRIBUTI NG TO ACHIEVING OUTPUTS/RE SULTS
			between relevant businesss. The employers take the management of the system in charge.	resource from the Direction départementale du travail

N.B.: The technical unit means the coordinator and its staff (chargé de mission, secrétaire). This unit is in charge of the operations of the Pact and it has to explain its activities before the board. For some actions some members of the board do participate to the operation, such as the President.

It is impossible to split the financial support between the different sources. The amount of the SF is an approximation given by the technical unit. This difficulty deals with the fact that the pact did not manage the specific programs (with the exception of research and studies).

- Monitoring and Evaluation

The monitoring was mainly internal and organized through a permanent exchange between the steering group and the pilot groups. One responsible from the board and the steering group was permanently in charge of the monitoring and follow up of one project.

An evaluation was planned (An external report evaluation from ‘New Deal’ was completed). The main benchmark used is the number of jobs created.

5- Additional Benefits

The main other additional impact is the culture of entrepreneurship that the TEP has disseminated through the extended area. When in 2000, it was decided to end the TEP, it was in fact decided to generalize its way of working at the level of The Nantes agglomeration.

-Considering the Labour Market, the rate of unemployment was reduced by approximately two points, from 16.5 to 14 % : but this was a general tendency in France due to the macroeconomic situation, which makes it difficult to attribute this reduction only by the TEP.

-With regard to employment and local development policy, the TEP has clearly demonstrated for the local actors the advantages of a more bottom up and integrated approach.

-With regard to Learning and Co-operation between local actors at the end of the Pact, two effects can be registered:

- first there was an extension of the TEP, new and various actors being agglomerated. It is interesting to show here that the businesses involved were increasingly various and that all the sectors here were represented.
- Secondly, there was a new understanding of the economic and social challenges in the area. Since commercial centres have taken on an important role, new services were defined and implemented from the core of these commercial centres.

6- Management of the TEP

The success of the TEP was due to the cooperative presence of two main stakeholders: the coordinator (who was previously the coordinator of The Association PLIE) and the employers' association. They trusted each other by having created an effective positive sum game through previous actions and they shared the same approach of the challenge of entrepreneurship in the territory. This was exceptional in France.

This explains why there was no staff changeover during the life of the TEP, and this was an excellent management.

More traditional approaches of integration were marginalized. But these other themes were taken in charge by more traditional institutions, the TEP being really devoted to innovation. At the start there were no links with other levels of government and national level actors: these links were progressively implemented through the specific projects undertaken.

The support received from the Commission Reporters was not exceptional but they visited the area various times, thanks to the organization of seminars. The EI 2000 experts were not considered very useful or relevant.

- Pact Resources

- Institutional and Human Resources Levered In:

As previously mentioned, the human resources devoted to the TEP were approximately, 3.5 full time jobs. There was no additional support to the core structure, and all extensions had to be related to specific projects and supported by these very projects.

- FINANCIAL RESOURCES LEVERED IN:

The total amount of funds mobilized through the Pact was approximately 4.03 million of euros. With the other funds obtained from Objective 2 & 3, the amount of European funds represented approximately 40% of the total funding. The other Funds were obtained from:

- National authorities: 14%
- Local Authorities: 34%
- Private Sector: 13% (enterprises: 54%; Boutique de Services: 40%; Participants to seminars: 5%).

This means that the amount of structural funds directly mobilized from Objective 2 & 3 for supporting specific projects was approximately 1.4 million of euros.

The Community technical assistance appropriations financed mainly the staff expenses.

The catalytic effect of the Pact has therefore been very significant. The structural Funds have interacted with other funding in two ways: either they were financing the totality of a specific project; or they were mixed by the technical unit with other funds, which was the predominant case.

This did not imply additional works since in France the Secretary of the Region implemented the management of the structural funds. As this structure was informed and consulted before, once the project was decided, there was no real additional work.

- Cost-effectiveness:

It seems that the TEP was very cost effective. The interpretation is the following one: if we compare the cost of creating a job through the mobilization of a new project and the cost of integrating a unemployed person in an existing job, we can see that the first one is much lower (25%, which means approximately: 1,520 euros). Since the underlying philosophy of the TEP was to adopt the first process, the result was a strong cost-effectiveness with regard to the other mechanisms used on the same territory.

It does not seem that the TEP has created displacement effect: proof can be found in the fact that the public local budget has not been completely spent as this very often arrived in France, due to the lack of relevant projects.

The quality of the TEP outputs (job created, partnerships etc.) seems very effective and the rate of failure of new activities one year after their creation seems lower than the average rate of failure due to the important investment in monitoring and follow up.

7- Dissemination and networking activities

Out of the two written support, which were regularly edited, two seminars were organized during the TEP, with success.

But the better demonstration of dissemination can be found in the fact that even though the TEP has formally ended, it has appeared again under the form of a more comprehensive plan at the level of the agglomeration of Nantes.

The exchange with other Pacts has not been very intensive since in France the situations were very different. The meetings at the European level as at the French level, generally at the Datar, have delivered a sense of motivation. But they did not answer more technical problems, and it is at this level that the cooperation between the TEP was the most useful.

8 - Mainstreaming

After the end of the programme, the Pact was stopped and two reasons were given.

- The first and most important is related to the fact that the partnership was redefined at the level of the agglomeration of Nantes. Then, the coordinator is now coordinator of the general action for employment organized by the “Communauté Urbaine de Nantes” named “Plan Local pour l’emploi”. The area has changed and the stakes were partly redefined to consider a bigger variety of labour demand and supply.
- The second one is related to financial reasons: the partnership supporting the TEP had gathered various funds and they need not continue through the same structure with specific aids from the Commission.

This must not be considered at all as a failure but as a success. The example of the TEP has induced the local authorities to extend the logic and the content of the partnership at the metropolitan level. In that sense new local agents are now incorporating some lessons learned from the Pact. Probably some problems will appear: the overlapping between the

partnership approach and the more administrative approach named Plan d'action locale and organized mainly by the State administration; the difficulty of generalizing a system which was focused on innovation as a more managerial system.

The new system did not try to secure additional technical assistance funds for continuing co-ordination of the Pact partnership.

This new system will mobilize structural funds on behalf of Objectives 2 and 3, according to some specific actions, but it seems that this mobilization is not now the most important.

9 – Assessment of the added value of the TEP

To summarize the previous statements we can stress the following points:

- With regard to the Contribution of the TEP to achieving Community Priorities

The TEP of Saint Herblain is one of the best examples of the new employment strategy. The role given to entrepreneurship alongside some more common themes (adaptability, equal treatment) shows clearly that such a new strategy may be local as well as national.

- With regard to the Methods of implementation of the TEP

One point was very positive; the right connection between partnership, bottom up, integration and innovation. One point may be argued: the real effect of SF initiatives on employment, due to the lack of relevant statistics.

- With regard to the Financial Dimension

As mentioned previously there was a leverage effect equal to 3. This is very interesting since the actions were diversified and not only concentrated on some themes where the percentage of SF is very high. This shows that local participation was relatively important.

- With regard to Networking, dissemination and exchange of experience at EU Level

This point may be argued according to the point of view we have.

If we consider the local environment, the effect of the TEP was recognized and disseminated, as the generalization of the TEP principles to the Nantes area shows.

If we consider other levels, the dissemination has not been very significant. But this is not the responsibility of the TEP: more a role of the national authorities in charge of TEP policy.

10- Lessons

To summarize, the aspect of the TEP which worked best was the one related to cooperation with business.

**National Report on the overall performance of the TEP
Programme:**

Ireland

Prepared by: Coinneach Shanks, VirtualImage, Dublin

GOVERNANCE AND THE TERRITORIAL EMPLOYMENT PACTS IN IRELAND

GOVERNANCE

The **Government** of Ireland consists of the President and two houses – Dáil Éireann (lower house) and the Seanad Éireann (upper house). Dáil Éireann is responsible for statute law and national policy and the Government is responsible to the Dáil alone. There must be one Dáil member for every 20,000 to 300,000 citizens.

Other government structures are the **local authorities, regional assemblies, regional authorities and the county and city development boards**. The employment function and TEP function is located at State Departmental level. It is a sign of the importance of the TEP programme that it was first located in the Department of the Taoiseach (Secretariat to the Government) before transfer to the Ministry for Tourism and Recreation. The Department of the Taoiseach has lead responsibility for the Strategic Management Initiative (SMI) for the modernisation of the public service. The regional level is the subject of reorganisation. Employment functions and policy have not hitherto formed part of the local authority remit although reorganisation is in process (see below in sections relating to regional governance).

- **Local authorities** consist of county councils (29), county borough corporations (5), borough corporations (5), urban district councils (49) and boards of town commissioners (30), all of which are elected by proportional representation. Responsibilities are housing, roads, water, environment protection, town planning, recreation and miscellaneous services. These bodies have no employment policy function except through contributing to the regional level.
- **Regional assemblies** (2) were formed in 1999 and constitute a new regional tier whose function is to promote coordination of public services in the region and to monitor the impact of EU programmes as well as to manage new regional operational programmes in the next Community Support Framework and National Development Plan. Members (70 in total) are appointed by the appropriate local authorities.
- **Regional Authorities** (8) were established with effect from 1994 to promote the coordination of the provision of public services at regional level. This cooperation leads to joint action and cohesion between local authorities, public authorities and others. They have ongoing responsibility for sustainable development strategy at a regional level. An operational committee advises and assists each authority. They are responsible for the review of EU assistance at regional level and for the Structural Funds. Membership is varied to include local authorities, farmers, employers, trade unions and relevant government departments. Regional Authorities nominate the Irish Members of the Committee of the Regions of the EU.
- **County and City Development Boards** were established in each county and county borough in 2000. The Boards are representative of local government, local development bodies (partnerships, LEADER groups) and county and city enterprise boards and the state agencies and social partners operating locally. The CDPs draw up and oversee the implementation of a county-city strategy for economic, social and cultural development which is to be the template guiding all public services and

local development activities locally. An important function is to ensure the *avoidance of duplication in the delivery of services at local level*, as well as filling gaps in meeting community needs. There is a major emphasis on combating social exclusion. Support structures are in place to ensure the insertion of sectoral and community interests.

EMPLOYMENT CONTEXT AND BACKGROUND

Understanding of the history of Ireland's programmes and agreements is essential for the TEP context. Economic framework constraints, which formed the context behind the introduction of the TEPs, heavily influenced the three-year programme, **Partnership 2000** for inclusion, employment and competitiveness. This covered local and national wage agreements and was signed in 1997 just after the Budget. Its objectives were designed not only to boost growth but also to ensure fairness in distribution and to tackle social exclusion. The partners to the agreement agreed to:

- Reduce the rate of increase in public spending
- the Maintenance of a firm exchange rate policy
- Coordinated wage setting with a focus on competitiveness
- a Commitment to economic and social solidarity

Employment strategy, which shaped the aims, objectives and administration of the TEPs, took place within a rapidly changing labour market. In 1999, The **National Employment Plan** identified three policy fields:

- Economic employment growth and the tackling of social exclusion
- Sustainable growth-oriented, low inflationary, macroeconomic policies
- Structural reforms of labour markets and product, service, and capital markets

These three policy fields were considered essential to growth and employment creation within the policy framework of the single market. The TEP introduction took place in the fourth successive year of employment growth. Remaining challenges were:

- Improving job prospects for those remaining unemployed,
- Increasing labour market participation, upgrading of employment skills and increasing employability
- Improving competitiveness of the enterprise sector

Local Area Partnerships play a significant role in Ireland's employment strategy. These were originally funded through the EU **Operational Programme for Local Urban and Rural Development** (1994-1999). Each Partnership has a Board consisting of the Social Partners – business, trade unions and the community and voluntary sector and state agencies working at the local level. Some 1400 people participated nationally as directors. Around 1000 represent the social partners as represented by Partnership 2000. Area-based Partnerships operate in designated areas of disadvantage where employment issues go beyond the immediate labour market problems of individuals. They address the physical and social environment, attitudes to education, linkages to recruitment procedures and so on. The strategy is to identify and address local needs and priorities. An integrated programme

delivery addresses the individual communities within these areas. Combined within this approach, the operation of Ireland's four TEP initiatives were designed to include a strong emphasis on training and education to prevent long term unemployment.

In addition, the government social partnership agreement (government, employers, trade unions) Partnership 2000 focuses on those older unemployed workers who find it difficult to access the labour market. Important initiatives are as follows:

- Community Employment (for those unemployed over 3 years, up to three years employment)
- Job Initiative (three year temporary employment for over 35s unemployed for up to 5 years)
- The Back to Work Allowance (social benefit for those as above)

Participating departments and agencies are FÁS (state employment agency) and the Department of Social, Community and Family Affairs (social benefits). Both have recently been subject to regional reorganisation such that local service delivery is improved.

At the end of Partnership 2000, Irish Partners endorsed a new agreement – the **Programme for Prosperity and Fairness**. This is structured as five operational frameworks and included a wide range of measures.

Living standards and workplace environment
Prosperity and economic inclusion
Social inclusion and equality
Successful adaptation to continuing change
Renewing partnership

Other measures include the **Equal Community Initiative Programme**, an employment development measure. This European Social Fund measure tests new ways of tackling discrimination and operates at both territorial and sectoral levels. The programme aims to:

- Mobilise all potential sources of labour supply
- Enhance the quality of the labour market by addressing skills, education and training deficits
- Promote social inclusion and equal opportunities
- Tackle disadvantage and inequality suffered by particular groups in the labour market

Heavily influenced by the ESF Programme Evaluation Unit, the Equal programme builds on the EMPLOYMENT and ADAPT initiatives. It utilises *human resource measures* within the partnership framework in order to devise new labour market strategies. Here social exclusion is tackled in a market frame of reference seeking maximum return for input resources (minimal deadweight).

“The growth in employment provides a specific and germane context within which EQUAL can achieve its objectives of combating inequality and discrimination as well as providing for close complementarities between EQUAL and national policy concerns particularly those relating to labour and skills shortages and the other

community initiatives and Territorial Employment Pacts.” (Equal Initiative 2000-6 Summary)

In operational and policy terms, Ireland TEPs have achieved a high level of integration with a complement of programmes, which are designed to address the labour market within a situation of annual growth (5% per annum). Priority is given to matching labour skills with demand, job improvement and insertion of hitherto socially excluded groups into the labour market. As this report will demonstrate, Ireland’s TEPs show a high level of integration with existing programmes at both community policy level (social exclusion) and at the employment policy level (market, skills, training, human resources).

Background to territorial employment pacts in Ireland

Territorial approaches to unemployment and social disadvantage existed in pilot form prior to 1994. During this period, mainstreaming based on successful initiatives was carried out and the territorial approach became a central characteristic of Irish unemployment policy. Success was based on the bottom-up approach of involving key stakeholders at the local level. The focus was on specific and local boundaries and involvement of major players at this level promoted focused interventions, which integrated stakeholders within the designated territories. Area based partnerships became a central part of the economic landscape at the local level, carving out a high profile within unemployment and combating disadvantage.

Ireland had partnerships since 1991, so we were pleased to find that some of the EU’s ideas came from our work in Ireland. That Pacts were announced in Dublin was perhaps an acknowledgement of the part that Ireland had played (in development). In 1996-7 the Irish government wanted the 38 partnerships to be known as Pacts. This was not possible under the EU rules so it was reduced to 4 pilot areas. [Chief Executive, ADM]

Area based partnerships became the “custodians” of the bottom-up approach and succeeded in bringing together the social partners who hitherto had not been familiar with this manner of tackling local problems. At this time, sectoral interests predominated and policy areas were discrete, lacking integrated strategies at local level. Thus to a large extent, area based partnerships were building a prototype of territorial work and integrating economic and social policy areas for the first time.

EU eligibility for pacts was to include regions, local areas, towns and cities, rural areas, or employment catchment areas that share socio-economic characteristics. At the same time, selection was to target “high unemployment areas”.

one of our goals is essentially to seek out new interventions directed at social exclusion and high unemployment. So the TEP (in 1997) was an additional instrument to address black spots. Originally to boost employment in black spots and add value to the established partnerships. We saw this as extending partnerships and the principles of partnerships, which could involve even more key players on the ground. We felt that there would be more innovation and focusing of our original aims for local development. [Principal civil servant]

The allocation of TEP agencies was selected at Government level. The Department of the Taoiseach as lead department promoted the Pacts. It was intended that implementation

would be carried out by both social partners at national level and area partnerships operating within the selected TEP areas. It is important to note that area partnerships were developed in areas identified as disadvantaged. Nominated areas were thus delineated along existing area partnership boundaries. To a great degree, the Government built TEPs on what had become a successful and well-developed foundation of local area partnerships. Four TEPs were allocated as follows:

- Dublin City: 11 existing Partnerships operating at well-defined local areas in the Dublin Region, which is administered by 4 local authorities. Adopted policy focus on research and information. Produced excellent series of research publications, plugging a gap in regional employment and training information. Generation of regional approach, underwritten by strong research and development focus on elements restricting or constraining employability. Active, technically expert project with strong partner support.
- Limerick City: Second largest city in Ireland exhibiting high level of disadvantage and long-term unemployment. Mixture of social projects and active employment intervention. Extremely successful record of salvaging factory closure and introducing business parks. Perhaps the most striking example of converting a problem into an opportunity. Regarded as ambitious with significant leverage.
- Drogheda and Dundalk: Adjacent towns with high disadvantage and declining traditional industries. Introduced a mixture of social and training projects and succeeded in mobilising/levering a high level of business professional secondment. Excellent record of post-project employment. Good resource leverage and innovative project blend.
- Westmeath: Rural area. Implemented by Westmeath Community development. Introduction of focused project-based interventions relating to problems of rural areas at the employment, training and information levels. Employment facilitation rather than job creation based on highly regarded local consultation process.

Although the bottom-up approach predominated in terms of partnerships, this is a partial picture. There was no application or competition for TEP allocation. However, key informants state that Government would have preferred more TEPs to be introduced, utilising the existing local area network. Since only 4 TEPs were allocated to Ireland, the **Department of the Taoiseach selected four areas** based on characteristics that subsumed urban and rural, city and town and a particular range of problems relating to employment.

It was a question of the appropriateness of TEP as a tool for addressing unemployment, which in urban and rural areas is very different. In urban areas we have to prepare people for the labour market. In rural areas ... the jobs are not there. So it is a very different focus. Rural areas feel that the standard template does not mean as much for them. Unemployed people in rural areas tend to move to the city or emigrate. Unlike the city, they do not have the (concentration of) people to push and organise. [Principal Civil Servant]

It is suggested that the *small number* of TEPs allocated produced an arbitrary selection. The TEPs could have been inserted elsewhere within Ireland with good effect. The selection of the Dublin region, however, was pragmatic in that regional policy and operations are, as yet, partially developed. It was felt at national Government level that Dublin's problems required a regional approach and that the Dublin TEP would assist in this development.

The two key successes of the TEPs were as follows:

- The partnership approach **enhanced participation in the local development process** by the implementers, sponsors, stakeholders and the target groups themselves.
- Maximisation-consolidation of **co-ordination between all relevant actors** across wider local-regional areas and across a wider range of stakeholders than had hitherto been possible.

That TEPs were mainstreamed at the end of EU funding indicates the successful nature of the organisations. The TEPs receive an allocation from the National Development Plan following the termination of EU funding and are administered under the Area Development Management, which forms the policy and administrative support for all area-based partnerships. The co-ordination of TEPs with existing and new programmes continues.

At Government level the TEPs were felt to have involved the business sector to an extent that had never before been achieved although it has been difficult to accurately determine reasons. The Principal Civil Servant at Department level feels that a variety of factors were contemporaneously in play.

Involvement of the private sector was more than had ever been done before. The private sector always wanted to get involved in social inclusion and that was a huge success – especially in dealing with factory closures such as Krupps in Limerick. That mobilised local people like never before. The (area-based) partnerships did try but TEP managed more, perhaps because of a wider remit. They also had a tighter focus and potential. They learned from the partnerships’ experience and were innovative. [Principal Civil Servant]

Currently some TEP projects are being transferred or “spun off” to the Social Economy programme. This is an indicator also of the flexibility of the TEP initiatives. The aim is towards sustainability, rather than becoming a permanent organisations or partnerships with a plethora of projects.

The TEP programme has been characterised by a considerable focus on:

- Accurate identification of existing problems
- Research, development and information services contributing to the planning process
- Extending the boundaries of local area-based operations
- Research and implementation of upstream measures.

It appears, given the implementation of several other measures, notably the reorganisation of local authority representation into regional assemblies, that the extension of TEPs in the Ireland framework was unnecessary. However **the decision to mainstream the existing Pacts is a significant sign of success**, notwithstanding some reductions in funding at the local level of area-based partnerships.

It was considered at state level that the Commission’s TEP initiative was practical and worthwhile. Networking was, for the Government, an added value contribution at EU level.

Although the EU funding component was relatively notional, it led to a greater familiarity and knowledge of EU programmes.

Initiatives EU wide that allow for networking and cooperation and conferences are very worthwhile and (in comparative terms) they do not constitute even petty cash since most of our money comes from the national exchequer. Yet EU funds play an important dimension for a country like Ireland - as we are more distant from mainstream structural funds. We need to maintain a more active linkage with other countries through the EU. We could become more *independent* whereas we should be more inter-dependent. [Chief Executive ADM]

State level informants stressed that they considered TEP networking at EU level as a source of valuable and worthwhile actions. They felt that those working in TEPs within national states exchanged ideas and provided models of good practice for each other that were then adapted to national conditions. Post Nice, at the level of moving towards an integrated Europe, such programmes are therefore considered crucial in promoting the *idea* of Europe for all citizens

SECTION 2: CASE STUDY 1: DUBLIN TERRITORIAL EMPLOYMENT PACT

Background to the Dublin TEP

Following the Luxembourg Jobs Summit of 1997, a working group initiated by the Taoiseach's Office implemented the development process for a Pact action plan. The group was based on partnership between central and local government, employers, trade unions and local area based partnerships. Considerable research (Trinity College, Dublin) was carried out by a major socio-economic review of the Dublin region. In 1998, the Commission approved a TEP action plan. It was felt that the Dublin position was unique given the scale of the city and the unemployment problems contained therein. A new partnership emerged, which concluded that the Dublin initiative should avoid direct delivery of job creation measures and a focus on:

- Broader implications of policy and other employment developments in the region.
- Sponsorship of innovative projects with demonstrative value in key action areas
- Building of long-term alliances amongst participants to specifically tackle unemployment in the region.

Underlying this was the adoption of core objectives to address those living with, or at risk of long-term unemployment in manner that focussed attention on these groups. At the same time the TEP sought to identify good practice, provide support for innovation and to build a foundation for joint working between local development agencies and local government at a partnership level. It established principles of working which embraced all of the partners who were to be *jointly responsible* for the Pact, build on *capacities of local players*, create *wider local networks* and aimed to foster *mutual collaboration*. Underwriting the whole process was a commitment to direction of actions and assessment of impact at the local level – a commitment that was recognised in a charter of signatories who agreed to pursue strategy and operations with joint responsibility. But there was some initial disagreement between partners, which mostly focussed on strategy.

Dublin TEP quickly arrived at a position where mutual agreement emerged. Key informants suggest that this was during the period where the community derived, bottom-up approach of area-based partnerships met with the macroeconomic perspectives of both employers and trade unions. It became clear that all members of the Pact recognised that although the bottom-up approach was paramount, there was a necessity for creating linkages between the local level and the existing regional and state levels. It therefore aimed for the regional dimension with region-wide applicability in terms of development of transfer of learning, policy and co-ordination whilst at the same time acknowledging the practical, tried and trusted dimensions of local action and implementation.

We did not merely accept things either from EU or National Government. And one issue was nerve-wracking. *We wanted a policy driven structure.* The EU wanted a programme driven initiative. But we overcame that against opposition and nervousness from the Office of the Taoiseach that we were over-stepping into national policy. They tried and couldn't stop it. Then later they praised it as "the right way to go". We did not need another delivery mechanism. It was possible to get around the rhetoric by arriving at new ways of doing, not duplicating. [Director: area-based partnership]

This had some impact on the Commission level. Key informants suggest that that the EU expectation was that of extending job creation measures, which were becoming less appropriate as economic development speeded up. This had additional implications since the location of the Local Employment Services within the local area based partnerships had paid dividends in the speedy insertion of individuals into the labour market. It had proved instrumental in adapting to labour force demands and its position within the partnerships had provided economy in training initiatives which promoted up-skilling and adaptability. It was recognised that to introduce TEPs as job creation vehicles would be a duplication of, or merely an *addition* to existing measures. The employer partner representative felt that it was not in any case realistic to expect a clear steer from the EU.

We achieved clarity only through working through all the documentation and material. It is not so easy for the Commission to completely say what had to be done or to be completely clear. So initially things were not so clear but they became clear in the course of time. [IBEC employer partners]

In total, all the national and Dublin informants held to this view although there were differences in tone, shaped by sectoral interests. At Government Department level, it was felt that the Commission had been flexible enough and there was a plea for future flexibility to allow national programmes to adapt to changing economic conditions. At Dublin Regional level, TEP became part of the structure. In some respects the TEP emerged as the research and intelligence function that complemented policy formulation for the embryo Dublin Regional Authority. Therefore in retrospect, for all those contributing to this study, outcomes justified any initial negotiation difficulties.

Employment in Dublin²⁰⁰

²⁰⁰ O'Connor P., Quarterly Review, 2002, Dublin. Dublin Employment Analysis, Sources: Central Statistics Office, QNHS, 4th Qtr. 2001 (28th Feb. 2002) and Live Register Area Analysis Jan. 2002 (8th Feb. 2002). Information on work permits from Dept. ETE, Dublin City Council and FÁS. On second level students and part-time work, cf. M. Morgan, School and Work in Dublin – The Facts. Survey, Analysis and Recommendations, DEP Policy Paper No. 4, June 2000, and update P. O'Connor, 'School and Work in Dublin – What is to be D1?', NPC seminar report, January 2002. E. Fitzgerald, 'The Scale and Nature of Unemployment in Dublin', paper for the DEP, December 2001.

There are a total of 1.4 million inhabitants in the Dublin Region. Following a decline in the 1970s, Dublin acquired what was largely new industry on greenfield sites dominated by new technology and pharmaceuticals. Within the region however, there are large concentrations of disadvantage. Within the designated areas of disadvantage there are around 240,000 inhabitants.

During the period of TEP's introduction, Dublin's employment was typified by a growth in its labour market but at the same time industrial change demanded a change in the skills. So the recent picture represents a dramatic change in Dublin's employment. For the first time since **Dublin's employment** began to increase in the mid-1990s, the number of people in employment fell in the last quarter of 2001, dropping 3,000 from 558,500 in the summer to 555,300 at the end of the year. At the same time, the size of the labour force fell. In consequence, unemployment declined. At 17,800 (3.1%), Dublin exhibits the lowest regional rate in Ireland. Strong employment growth of the previous year resulted in 7000 more in employment at the end of 2001 than in the previous year. There was an increase in those on the Live Register in Dublin over the last year where a total of 38,371 signed on in January 2001, representing an increase of 5,645 (14.7%) over the previous year. Of those signing on in December 2001, 17% were under 25 years of age and 62.3% were male. These numbers were fairly evenly distributed across the employment exchanges in the Dublin region.

Since 2000 there has been a continued increase in the **female participation** rate nationally from 47.9% to 48.6%. This represents an absolute increase given the overall growth of the workforce and is high in specific groups. Over 75% of women in their mid-20s and 63% of those in their mid-30s now work. Over 50% of women living with a husband/partner in a family unit with children and nearly 60% of mothers with children aged 5-14 are employed. However, over 30% of women employees work less than 30 hours per week compared to just 5.7% of males. The figures indicate that female participation in the labour force is now just above the EU average with little scope to grow - particularly in the 25-45 age group. The figures also show that part-time employment is the preferred option of those involved. Indeed, there is considerable demand for greater access to part-time job options.

There are now over 100,000 **non-nationals** in Ireland's labour force with 50% of employed in the greater Dublin area. Despite the small decline in overall employment levels, this group is expected to grow. Some 35,000 work permits were issued in 2001, the majority for relatively low-skilled work in construction, industry and agriculture. Despite the small number of permits issued for skilled workers required in IT and other high value-added employment (including engineers, planners etc.), this group remains excluded from access to employment, training or education.

The numbers of **school students working part-time** marks a significant development in the labour force. A total of 80% of second-level students now work part-time hours. Recent studies have shown that the rate (hours) of work by students in disadvantaged areas is significantly higher, with 18% of students *in these areas* working over 20 hours per week. It has also been established that the work overwhelmingly involves low-skill employment. Examination results indicate that part-time work among students from disadvantaged areas is impacting negatively on education qualifications. This represents a future employment group, vulnerable to change.

Official long-term unemployment in Dublin is now just 1.3%, accounting for 3,500 people and marks a decline from nearly 10% eight years ago. But the official measure of unemployment (ILO) includes only those out of employment who are actively seeking work. Many others have fallen through the employment net, have been out of work for a long time (especially older males) or are measured in ways other than as “unemployed”. “Economically inactive” categories include many who are excluded from employment. The EU Employment Guidelines for 2002 specifically recommends that labour market programmes target these groups. A recent DEP research paper summarises these groups.

Unemployed

Total long-term unemployed on job market:	3,500
Unemployed, not on job market	15,000
Mothers/lone parents	3,000

At risk of long-term unemployment

Early school leavers	6,000
Short-term unemployed at risk of LTU	1,000
People on job schemes, poor prospects	2,500
TOTAL	31,000

This figure represents the likely “real” figure for those in Dublin through inclusion of those *most distant* from the labour market. Government policy currently seeks to address their employment needs and those of others such as the disabled.

THE DUBLIN EMPLOYMENT PACT EXPERIENCE

The **Dublin TEP was selected** as part of the Office of the Taoiseach decision to adopt an urban-rural split in TEP distribution. The Dublin TEP was therefore part of a judicious mix of different spatial types. However the national partners had exerted pressure for a Dublin region Pact. In particular, the trade unions were especially interested in the Regional approach. So despite the fact that there was no “bidding”, the selection of Dublin was a response to collective pressure from the key actors in the region. The **main benefit of the TEP** was seen to be that of a vehicle for networking beyond the local level in a manner, which had not existed prior to the Pact. Moreover, benefits would arise from going beyond a small local response to achieve a city-wide structural response since the problem of *duplication* in projects could be tackled.

In a situation where unemployment had dropped from 18% to 3%, the **dominant problem in the area** was that of vulnerable groups. It was felt that long-term unemployment was being tackled successfully. Those distant from the labour market represented the dominant focus. In common with that approach, the RAPID programme was tackling social investment needed to address the needs of the socially excluded. This was clearly a case of responding to social and economic changes as excess labour moved into shortage. Quantification was required to identify and locate those affected, to understand reasons for lack of participation in the labour market. For example, predominantly older males who had been unemployed and those coming out of prison had problems with adaptation to the culture of work such as timekeeping, absenteeism and so on.

Prior to TEP introduction, it was felt that partnerships addressed the problems of the long term unemployed. The TEP introduction was seen as replicating existing organisations. Why, it was asked, is there a need for TEPs when these partnerships already existed? There were several reasons:

- Partnerships operated in local areas at a very local level
- There were limitations on sharing of best practice
- There was no Dublin perspective at the metropolitan level
- No agency was working on the employment problems at the metropolitan level
- Employment was tackled either locally or nationally
- Territorial strategies were non-existent since the 4 local authorities had no employment responsibilities

The introduction of the Dublin TEP offered an opportunity for the state, the local authorities and agencies working at local level to begin working together. Although the Dublin Regional Authority came into place in the 1990s, the regional process is still developing. For the Regional Authority the TEP proved an extremely useful vehicle promoting that process. Although actors found this an exciting period, **some problems** emerged,

- The TEP had to locate those who were prepared to work at the metropolitan level
- Those selected/appointed were not familiar with addressing the city level
- There was an inclination for local actors to defend their territory or space
- Negotiations for officers to be released took longer than expected (18 months)
- There were a large number (70) of organisations to orchestrate

The TEP became gradually established and acknowledged with a common understanding of the collective mission (participating agencies were required to sign a *letter of commitment* followed by a *joint charter*) which was seen as the necessary bringing together of all agencies (voluntary, community, trade union, local authorities) to develop a strategic response at the metropolitan level. However, that mission **demanding negotiation at the Commission level**. A considerable level of resources was devoted to explaining that economic change had altered the initial address towards employment. So rather than a formal acceptance of the direction or steer from the Commission, negotiations took place for flexibility and adaptability. There were no confusing signals. Good channels of communication ensured that initial problems were resolved in a manner satisfactory to both parties and the TEP feels that the establishment, acceptance and validation of the Dublin TEP confirms this assessment. TEPs **are mainstreamed** within the six years National Development Plan (NDP).

The **TEP was successful** in more areas than had hitherto been considered. Rather than an extension of the Partnership process, Dublin TEP **achieved** the following

- A broad based partnership established
- An inclusive bottom-up approach
- Focused working groups straddling the local level and the central level
- Involvement of policy actors in the local level

- Creation of a strategic level for city-wide Dublin
- Innovative projects at local level were “contracted out”²⁰¹
- Networking and identification of best practice
- Conferences, workshops and seminars (addressing subjects such as early school leaving intervention involving 250 participants)

Dublin TEP, through interaction and **exchanges with other EU agencies** and Pacts was able to learn about different strategies, which were disseminated through a regular newsletter. But it was largely felt that Ireland’s innovation in partnerships had probably offered a lead and influenced others working at the European level. Nevertheless, it was clear that the Dublin TEP was quite different from existing partnerships and clearly represented a departure from the lead partnerships in Ireland. It was thus **a new partnership with completely different functions**, approaches and networks from any pre-existing Irish partnership. It had successfully engaged at a level, which pushed out boundaries of involvement in participation across the social partners and succeeded in including all key agencies and industries summarised as follows (complete list in Appendix “A”):

- Two Local authority members - 1 member represents 3 county councils
- 1 Regional representative
- Three Government Departments Taoiseach, Employment and Enterprise, Education
- Training Services (FÁS, Enterprise Ireland)
- County Enterprise Boards
- Chamber of Commerce
- Trade Unions (national and local levels)
- Three (3) Universities (UCD, DCU, DIT plus Irish Management Institute)
- Eleven (11) area based partnerships
- Six (6) Local Employment agencies
- LEADER agencies
- Unemployed Workers Centres

In this manner Dublin TEP was able to **meet its 4 initial objectives**:

- Broad based partnerships comprehensively established
- Bottom up infrastructure reflected by 70 member organisations
- Integrated strategy within brief of pact (1998) now replaced by three year plan (2000)
- Injection of innovation at a local level reflected in best-practice research and dissemination, promotion of experimental actions, experimental involvement of cross-cutting partnerships in all initiatives

Here the bottom up approach built on existing locally owned strategies to produce a bottom up strategy for Dublin as a whole together with recognition by stakeholders. Workshop, working groups and subgroups ensured the real involvement of actors in Action Plans. This intensive involvement is held to be foundation of the achievement of sustainability and is perceived by actors as benefiting their sectoral interests. It also guaranteed an effective

²⁰¹ In order to create a locally owned strategy, any project implemented was run locally as a partnership. Grass roots organisations were involved in developing action plans through conferences. Community organisations used workshops to flesh out proposals.

relationship with existing local strategies mostly within the remit of the 11 area-based partnerships.

The groups within which key stakeholders are distributed are as follows:

- Policy and co-ordination
- Long term unemployment
- Education and employment
- Local enterprise and social economy working group

In addition the TEP manages a major EQUAL programme entitled Equal at Work, (inclusive employment through open HR practices). The following table illustrates the benefits of the TEP as seen by the co-ordinator.

Table 2. Benefits of Dublin TEP

TEP BENEFITS	Indicators
Anticipated benefits	<ul style="list-style-type: none"> • Integration and consensus • Co-ordination • Focus on relevant issues • Bottom up approach • Credibility
Benefits realised	<ul style="list-style-type: none"> • All of the above were realised
Recipients of Benefits	<ul style="list-style-type: none"> • Local development sector • Bottom-up input to policy • Local authorities development of agendas • Government regional policy makers
Cost benefit	<ul style="list-style-type: none"> • Leverage and spending now €1.5 million • Significant “in kind” resources mobilised in kind
Difficulties experienced	<ul style="list-style-type: none"> • No serious difficulties
Success factors	<ul style="list-style-type: none"> • Broad success in meeting all objectives

Table 3. Scale of the Dublin TEP

SCALE OF TEP	Indicators
Extent of Partners	<ul style="list-style-type: none"> • Extensive, inclusive • All social partners • National, regional, local • Training and Education sector
Actions Undertaken	<ul style="list-style-type: none"> • Project selection procedures generated • 14 innovative projects introduced (contracted out) • TEP Partnerships sustainability actions • Partnership infrastructure solidification

	<ul style="list-style-type: none"> • Targeted policy and research papers created
Inhabitants reached	<ul style="list-style-type: none"> • 500 participants/beneficiaries • 150 local actors • 100 conference participants • 100 working group participants
Area of TEP	<ul style="list-style-type: none"> • Dublin Metropolitan Region (1.3million inhabitants)
Scale and leverage	<ul style="list-style-type: none"> • Acknowledged as part of emerging regional infrastructure • Mainstreamed activities in NDP • Probable continuation until 2006 • Regional policy culture enhanced

Injection of Innovation in the Dublin TEP

An integrated strategy aimed to promote the matching of supply and demand, through social inclusion, the development of infrastructure and the empowerment of actors and civil society. The objective of innovation was carried through by the pilot approaches (Table) Many of these have been adopted by the state and subsequently mainstreamed. The policy addressed are indicated by the publications as follows:

- Getting Dublin Working Action Plan 1998-9 (1999)
- The Potential of the Social economy for Dublin (seminar report (1999)
- Employment – Option and Policy Development in the EU (1999)
- Social Investment for Disadvantaged Areas of Dublin (DEP policy paper 1999)
- Solving Long Term Unemployment in Dublin (DEP policy paper 2000)
- An analysis of Programmes in Dublin Schools to prevent early school leaving (DEP policy paper 2000)
- School and Part time work in Dublin DEP (policy paper 2000)
- Analysis of the Economic Employment and social Profile of the Greater4 \Dublin Area 2001)
- Employment Services for Disabled People in Dublin: Survey, analysis and Recommendations (2001)
- Best Practice Guide: Innovative Projects supported by the Dublin Employment Pact (2002)
- Good Practice in preventing early school leaving (2002)

Key informants indicate that the research mobilised by the Dublin Pact is of high quality and has proved of practical value in shaping approaches to these problems.

The Pact made a case for investment in certain areas and made the case for development – and the quality has been very, very good. New types of research were very interesting and equally as important as the smaller scale actions. It was not so much a money issue but an issue of involving all interests. These were negotiated through the Pact, which would have been more difficult for us individually to do. [Director: area-based Partnership]

There is no precedent for partnership working at this spatial level in Ireland. The work would certainly not have otherwise been carried out but for the existence of the Pact. As such the publications combined with the dissemination of same, fulfilled a substantial part of the original objectives of the TEP.

Extent to which the Pact met the specific Objectives of its Action Plan

The ‘Vision’ set out for the Pact was as follows:

“The Dublin Employment Pact will create a strategic alliance of key players and interested parties, encouraging growth, increasing employment and enhancing social cohesion and inclusion in the region. The Pact will focus specifically on the needs of the long-term unemployed and those at risk of becoming long-term unemployed. It will provide a Dublin-wide context for fostering locally based best practice and innovation, networking and linkages.”

The means by which **objectives were chosen** has to some extent been elaborated. Background research in 1997 consisted of a major socio-economic review of the Dublin Region by Professor Drudy of Trinity College Dublin. This formed the foundation of the regional analysis presented in the original Action Plan (1998, published as *Getting Dublin Working*, 1999) with a focus on labour market exclusion. Precise elements of this issue were further elaborated in targeted research which was carried out in 1999-2000²⁰²) and produced in collaboration and in interaction with the TEP working groups. Research and objectives were then established in 1997-8 at a series of meetings and workshops of the Pact partners. The key objectives established by the Pact were as follows (Action Plan 1998-2000):

- to focus attention and action on the needs of the long-term unemployed, young unemployed, and those at risk of becoming long-term unemployed.
- to focus attention and action on unemployment needs in areas of greatest deprivation.
- to build and promote the case for adequate resource for the needs of the Dublin Region.
- to identify, support and facilitate the transfer of learning and good practice of innovative measures.
- to provide support for enhancing the employment potential of the region.
- to lay the foundation for fruitful links between the local development and local government sectors in relation to the creation of employment.

Results and outputs involved monitoring progress in achieving the objectives above. This was carried out at the qualitative level since they were regarded as somewhat intangible or difficult to measure quantitatively. All reports and progress evaluations examine the development of networks, the extent of policy impact and so on. No specific template or benchmarking process was developed for this. **Target groups** were chosen utilising labour market information established through the above research and using local information, analyses and databanks of the existing local partnerships. There was **wide consultation** with the local partnerships and a range of organisations including the Irish National Organisation of the Unemployed (INOUE), employers, trade unions and others, especially at workshops in 1997-98. All of this was enacted through a bottom up approach.

²⁰² See Policy Papers 1-4 of the Pact and other specific publications, listed above

Objectives did change over the time that elapsed after the Action Plan was published. In 2000, *extension funding* granted by the Commission prepared the Pact for mainstreaming²⁰³ and focussed on updating and renewing the objectives of the Pact. Economic and social conditions had substantially altered from the mid-1990s. Changes in the labour market and economic conditions had to be reflected in a re-orientation or re-framing of the objectives of the Pact. These were established in the consultative process, which drafted the Charter of the Pact (April 2000) and were later confirmed and refined in a major workshop of Pact partners held in September 2000. The revised and updated objectives, which remain in force for the 2001-2003 period, were issued as follows:

1. To highlight the development needs of Dublin, with a particular emphasis on enhancing economic growth, employment and social inclusion across the region.
2. To promote practical solutions at a Dublin-wide level to persistent problems of urban disadvantage and social exclusion, focussing on areas of greatest disadvantage and on solutions to long-term unemployment, early school-leaving and equality in access to the labour market.
3. To promote new approaches to quality training, including opportunities for up-skilling and life-long learning, with a view to developing sustainable quality employment in the public and private sectors and in the social economy

Objective 1 was advanced by the Policy and Co-ordination Working Group (now called the *Social and Economic Policy Working Group*). Progress and ongoing actions are outlined in the Progress Report 2001.

Objective 2 was advanced by the Long-term Unemployment and Education and Employment Working Groups.

Objective 3 was advanced partly by same Working Groups as Objective 2. Ongoing work in this specific area is also the major focus of the DEP Dublin EQUAL Programme *Equal at Work*.

As far as the **overall achievements of the Pact** are concerned, the main achievement has been to establish a “Pact” of all key partners at the Dublin regional level to jointly examine and tackle employment and development issues affecting the Dublin region. Such a body – let all a partnership structure involving broad networks of actors had never existed before at this level. There has been a considerable degree of transfer of good practice within the regions to Dublin, and the TEP has impacted on national policy in labour market, training and other areas. The **proof of its effectiveness** has been that it has been mainstreamed under the National Development Plan as a prime vehicle for developing social inclusion and employment policy for Dublin.

It must be stressed that at the initial stages many key actors were extremely sceptical as to the possibility of success. In the opinion of the TEP, echoed by all the partners interviewed, the Pact has proved a commendably suitable vehicle for:

- consensus-building
- initiating innovative and daring experimentation in labour market development

²⁰³ Progress Report 2001, pp. 2-3

- carrying out action research at a region wide level

It can be said that the work of the TEP laid a foundation for dialogue concerning the Dublin regional economy. Indeed, the Regional Authority Representative confirms the view that the Pact created (initiated) the conditions necessary for public dialogue on the Dublin economy to take place.

Indirect outputs have impacted primarily through a range of pilot initiatives listed in Appendix “B” When the Pact was founded, it was in the context of a range of 11 local partnership companies already fulfilling Pact-like tasks at the very local level. The Pact aimed to avoid duplication and concentrated on adding value to this work. However, direct impact on employment was small, as the Dublin Pact was conceived as a strategic body and certain. These innovative measures are unlikely to have taken place in the absence of the co-operative framework provided by the Pact and its direct investment in these areas.

In terms of **monitoring and evaluation**, precise data on each project is held by the Area Development Management Ltd. who are responsible for project administration, which has responsibility for monitoring of all project actions implemented by or with the assistance of the Pact. An evaluation of the Pact itself and of its effectiveness was commissioned to Fitzpatrick Associates and Mentor Consultants (final report, June 2002). No benchmarking was undertaken. The interim evaluation report on the Irish TEPs was used in the revision of the objectives, purpose and work plan of the Pact during the mainstreaming process in late 2000. In this way it made a considerable contribution to the mainstreaming process, focussing the work of the Pact for the period 2001-2003.

Other **indirect benefits of the Pact** have been outlined at considerable length above. However the best-practice research, action research and other initiatives of the Pact contributed considerably to identifying the issues, assessing best practice, networking actors, disseminating results and best practice, formulating policy reform proposals and impacting on policy as can be seen from the publications list above.

As previously stated above, the **labour market situation** in Dublin has changed considerably due to massive economic growth (of nearly 80%) in the period 1994-2001. Long-term unemployment is down to 1.5%, youth unemployment has ceased to impinge as a factor and labour force participation is up above EU averages (women aged 25-45 are now 71% integrated in the labour market). But groups distant from the labour market due to extreme social exclusion prior to the ‘boom’ still constitute a major problem (approx. 30,000 people). There are now some reverse problems, such as young people from disadvantaged areas working part-time while in school on a very widespread basis. For a full analysis see Appendix 2, ‘Employment and Unemployment in Dublin’). Early school-leaving, school and work issues, local enterprise/social economy development, labour market access, opportunities for skills and life-long learning, and regional labour market development are now the key areas of concern.

Employment and local development lies within the national framework, itself determined by the Department of Enterprise, Trade and Employment, which is responsible for the employment services (PES). The overall context of employment and human resources policy is now determined by the National Action Plan 2000-2006. PES is regionalised and in a recent re-organisation, a new Dublin Region for the employment services (FÁS) was

established. At the same time at the local level, employment policy lies within the ambit of local partnerships (11 in Dublin Region) and the accompanying **Local Employment Services (LES)**. These are resourced by and subject to FÁS and the National Action Plan, but are shaped and managed locally, under the area-based partnership companies. The LES has developed considerably in the last four years. The **LES within the Dublin Region, network through the Pact**. The existence of the Pact has encouraged rationalisation towards Dublin-level structures, both from above (rationalisation of FÁS) and from below (networking of LES). **Pact outputs have concentrated on a Dublin regional analysis of services and best practice**. Over the period of the Pact, employment services have moved a significant distance towards the development of the LES and high-support programmes, through integrated local strategies to impact on areas of high disadvantage and social exclusion. This process **remains a major focus** of the activities of the Pact.

In terms of **affects on local and regional policy**, the Pact is now working in collaboration with the Dublin Regional Authority to further the development of Dublin-level structures and policy (including the promotion of a “Dublin Local Employment Strategy” under the NAP). Systems of local public administration are being radically reformed. The government has decided on a planning/transportation body with wide executive powers for the ‘Greater Dublin Area’ and this is being tracked by the amalgamation of the Dublin and Mid-East Regional Authority as a single political entity for the Greater Dublin Region. This authority is seeking to establish **Dublin-wide social policy cohesion**, and the Pact is part of this process.

Learning and co-operation between local actors has taken place to a significant degree at a level beyond pre-existing networking. Because the 11 local partnership companies in Dublin all precede the foundation of the Pact, TEP emerged from the context of the purely local system of partnership that foreshadowed it. The Pact has **provided a coherent focus for networking, learning and co-ordination** among Partnerships at a Dublin-wide level. The Pact has **maintained and developed links** with national authorities and government departments. The Department of the Taoiseach provides a Director on the Board of the Pact, thus maintaining the **involvement of all the key government departments** (Education, Employment and Social, Community and Family Affairs). These other departments are both represented on and actively participate in the Working Groups of the Pact and are key partners in a number of Pact innovative actions. This applies additionally to state agencies such as FÁS, the Enterprise Boards, Enterprise Ireland and various educational institutions.

The co-ordinator states that the backbone of the Pact and its work lies within the bottom-up structure, which involves over 70 local agencies including partnerships, LES, community groups, various NGOs and working groups in innovative actions. The Pact has clearly played a major role **in bringing grass roots learning** into the policy system and in involving community and agencies in many **cross-sectoral initiatives**. The range of studies, conferences, workshops and seminars has primarily focussed on bringing together policy makers and local practitioners. This is regarded as the key dynamic of Pact policy and operations.

Key stakeholders regard the **co-ordinator and staff** of the Dublin TEP extremely highly. All key informants paid tribute to his co-ordination, organisational and administrative abilities. Initial difficulties in recruiting a manager necessitated the engagement of a consultant in the initial work of completing the Action Plan. However, in December 1998, the current manager, Philip O'Connor was engaged as Pact co-ordinator. He oversaw the implementation

and development of the Pact over the period of EU funding and continues as director of the pact post-mainstreaming. With a background in trade unions, community development and in self-employment, he represented considerable potential. This has been borne out and his continuity and tenacity has brought considerable success to the TEP.

Pact is regarded as very **cost-efficient** in terms of the work, which is carried out. The managing group meets six-weekly and directs the Pact. Whilst the co-ordinator states that the efficiency could be improved it is difficult to say where exactly. Although a ministry level informant **regarded dissemination as weak**, it could also be regarded as extremely targeted. It avoided the everyone, everywhere, blunderbuss approach that can be typical at the local level. Perhaps here we should distinguish between dissemination and publicity. At the level of the general public the profile of the organisation could certainly be raised. I would not, however regard this as priority, Sponsoring agencies are not greatly involved in the management of the Pact (except through their representatives) and they are therefore regarded as “weak”. This represents an area for improvement and may require more lead time for the culture of the regional to become enhanced.

A key **obstacle is that partnership is well developed at the national level and the local level**, but not at an intermediate level such as the Dublin region. A major success factor, however, was the **existence of partnership at national and local level**. The co-ordinator states:

“Involvement in the Pact was a major “learning curve” for all organisations, networks, state agencies and local authorities. And there was willingness and commitment among all actors to move down the road laid out by the Pact. But there is still a distance to travel!”

Overall assessment of all Dublin partners was largely one of pleasure (and some astonishment) that such achievements could be gained from this single measure. But with some justification, existing area-based partners felt that success was partially due to the considerable work that had hitherto been undertaken at local level and exhibited some concerns about the initial period of formation.

Past experience said that at local level we would get excluded. It was difficult to work with national structures from the top down since we are bottom up. It was exhausting to grapple with employers, trade unions and the civil service, dealing with arguments and ideological debates about causes of unemployment – we had a debate about whether there *was* a social economy or not. Employers felt there was no such thing. It was an intense debating forum and analysis was difficult, sometimes to a farcical extent. Departments were locked into words rather than outcomes. The formative period was a waste of time, frustrating and not necessarily positive [Director: area-based partnership]

This formative period, certainly in Dublin was a test bed for bringing partners together at the regional level. At local level it had been possible, but this was new ground. For a brief period therefore, **those who had not worked together had to achieve a consensus** and part of that consensus was to achieve an agreement on basic principles. To a considerable extent, part of the achievement of the Pacts was to establish common ground. The bottom-down approach of the government, trade unions and trade unions met with the bottom-up community development orientation of the area-based partnerships. At the embryo regional level this was

felt to be necessary and a key informant regarded the outcome as an initial and necessary synthesis of the two orientations – such that an integrated regional approach would be generated.

Thus **this synthesis was added value for the Dublin TEP**. There was a recognition that the bottom-up approach could not exist in isolation.

Focusing too much on the bottom up approach, one tends to lose sight of the top! It was a *new means of concertation* and brought organisations' views to the table. If we have no table or cannot bring views and argue then we could fall apart. So we all brought things to the debate. I feel that the County Development Boards have modelled themselves on the Pacts because Pacts transcended boundaries and pulled local authorities along. Everyone took part in discussions and changed. The Pacts were great glue - I still don't know how they did it! [Dublin Regional Authority]

This was echoed by the key informant from the business sector (IBEC). He felt that although he had to struggle initially with the particular community language used, that discussion brought familiarity.

The more we discussed things the more we got used to it [IBEC member - employer]

This was similar for trade union representatives who felt that there had hitherto been a lack of co-ordination and a need of joined-up action in Ireland. For trade unions at national and regional levels, the **value of the Pacts lay in an opportunity for concertation**. So whereas partnerships felt that employers focused on economic issues ("jobs, jobs, jobs") to an overwhelming extent, trade unions and employers focused on what they felt was a dynamic economic situation. The consensus however should be seen as **a process outcome, laying the groundwork for future integrated partnership** at the three tiers of national, regional and local levels.

However all actors regarded the Dublin TEP as **an extremely positive initiative**. The Taoiseach's Department is held to have constituted a very good lever to obtain the positive support of all the actors. There was good support as far as most government departments were concerned, although the Department of Employment appeared reluctant to get involved²⁰⁴ apart from issues of social inclusion programmes. Perhaps it could be said that the members of the government were also **reluctant to get involved** and attendance at meetings was minimal

Practical EU involvement was considered "patchy". It appears that at the beginning, the rigorous process of development and subsequent action plan was not accepted. However the TEP was extremely concerned not to duplicate existing interventions. It was considered beneficial that the EU took a proactive approach and although closer monitoring and a higher level of technical assistance was expected, the **non-directive, hands-off approach** was appreciated.

OTHER SUPPORT AND OVERALL ASSESSMENT

²⁰⁴ This should not be taken as implying that Departments took no interest. Informants suggest that they did not get involved in the practical tasks of developing the TEP.

At the organisation-cultural level Dublin TEP constituted a new institution and was required to “prove itself”. However it did receive the support and acknowledgement necessary to perform its functions. Additionally, it received the political support that was necessary to get agreement at the “fledgling” intermediate level. The overcoming of technical difficulties drew the attention of other European organisations and Dublin TEP began to benefit from linkages made at that stage. Dublin TEP was able to mobilise a **high level of human resources**. Essentially, voluntary support from a total of between 70 and 80 individuals from all sectors indicated that the project levered a high level of expertise. **Support in kind was high**, especially the use of premises from city councils. Hosting meetings, speaking at meetings, catering and equipment were provided at no charge. Their willingness to facilitate the TEP was a signal that the TEP had been fully acknowledged at that level.

The Dublin Pact emerges as a key resource at Regional level. It has managed to involve more than 100 organisations over the range of its working groups and projects.

Planning across a wide range of fields – infrastructure, inward investment, labour market development, housing, social inclusion, spatial planning – must be tackled at a regional economic level the emerging context for the work of the Pact is to benefit the development of the capital across a range of employment and social inclusion measures [Patricia Potter, Chair Dublin TEP]²⁰⁵

The Pact’s success in carving out a place at regional level provides Dublin with an opportunity to promote Dublin wide initiatives, which in turn develops the capital itself.

TEP CASE STUDY 1: DUBLIN SUMMARY SHEET

Theme	Characteristics
Location	Regional conurbation, expanding labour market. Concentration of new technologies, pharmaceutical industries, etc Inward Investment, tight labour demand High pressure on existing infrastructure: roads, transport
Objectives and orientation	Tackle social exclusion with regional focus Stimulate projects – upstream measures Research and development Information collation and analysis Perform policy-advisory functions Animation and consolidation of regional tier
Key target groups	Policy makers, stakeholders Long Term Unemployed (LTU) Marginalised sectors: lone parents, marginalised, early school leavers Pockets of social disadvantage (“black spots”)
Type of Projects	Projects not directly run by TEP: Equal rights, training etc. Large scale research initiatives Address and fill gap in economic data collection at regional level

²⁰⁵ Potter, P., Dublin Employment Pact Quarterly Review, Volume 1 No.1 2002, Dublin.

Pre-existing development agencies	Area-based Partnerships (11 in Dublin) Local Employment Service (LES) Local offices of national state agencies (e.g. IDA, FAS)
Administrative Framework	Reports to ADM
Government state level	Office of Taoiseach (start up point) Department of Tourism and Recreation (current) Agency responsible: ADM reporting to above
Change since start	Responding to changing economy demands Focus on plugging gaps in knowledge and information Focus on adaptation rather than job creation
Partners	Social partners, local authorities, state agencies
Partnership relationships	Foundation, network and concertation of partners at regional level were created.
Key success indicators	Now integral part of Dublin regional tier Secured place for Research and Intelligence function at Dublin regional level New partner networks created extended and created Business sector involvement at high level
Key Obstacles	Regional partnership not developed compared to national/local level Low involvement at political representative level
TEP difference, pre-existing forms	Substantially different from pre-existing partnerships New partnership, new functions Discrete objectives and orientation Separate administrative and reporting structure Avoidance of duplication Avoidance of displacement
Leverage	Business leverage – technical assistance Local Authority assistance in kind
Value Added	Network consolidation Respect of partners
Dissemination	Satisfactory, targeted to partners, local communities, interested parties Good, accessible information brochures Good informative web site Stimulated productive networking
Mainstreaming	Mainstreamed under ADM. Funded under National Development Plan.

CASE STUDY 2: DUNDALK AND DROGHEDA EMPLOYMENT PACT

Background to the Dundalk-Drogheda TEP

The Dundalk and Drogheda Pact was implemented in a manner quite distinct from that of Dublin. Here **two existing area-based partnerships** combined to establish a Pact as a response to unemployment in their areas. Both partnerships were funded under the European Union Structural Funds (Global Grants) in which the Board of Directors was composed of representatives from the following sectors:

- Social Partners – Employers and Trade Unions
- State Agencies
- Community bodies
- Louth County Council

Drogheda has an area of 1,238 hectares and Dundalk 2,448 hectares making a total of 3,686 hectares. Both towns are EU Objective 1 areas and represent two of the most disadvantaged areas in Ireland. There are pre-existing partnerships in both areas and the towns are within the target areas of the following programmes:

- Louth Enterprise Board
- Louth LEADER II
- Interreg
- Programme for Peace and Reconciliation
- International Fund for Ireland
- Co-operation North
- ADAPT

County Louth is a small county, which borders Northern Ireland. Dundalk and Drogheda comprise 60% of Louth's total of 992,166 inhabitants. Both towns suffer from a decline in traditional employment and from the growth of Dublin as a metropolitan region. In the Louth context, the two towns are relatively self-contained – that is they have no strong economic relationship with the rural economy in the rest of the county.

The towns themselves are major population centres in Irish terms. Some 80% of Louth's unemployment is located in the two towns. At the same time, Drogheda's proximity to the Dublin conurbation has stimulated development as a commuter town for Dublin. This results in pressure on the existing infrastructure with proportionately little inward economic input, that is, it does not significantly increase the circulation of monies in the towns. (Commuters do not necessarily stimulate the local economy since more accessible centres of consumption are located within Dublin.) At the same time, although the development of the Dublin-Belfast corridor has generated some industrial development it has failed to eliminate unemployment in the areas.

Drogheda is supposed to be the fastest growing town in North East Ireland. But the new residents are commuting to Dublin and the extra housing demands an improved infrastructure and extra services. There is no Celtic Tiger here! (Drogheda Partnership Chairperson)

Traditional industries consisted of textile, clothing and footwear industries declined throughout the 1980s and led to increased unemployment.

Employment in Dundalk-Drogheda

At the time of the development of the Pact, Dundalk and Drogheda's unemployment was decreasing as follows:

Table: Numbers of those unemployed at the start of the TEP

Town	Numbers: live register 1997	Numbers: live register 1999	Unemployment rate
Dundalk	4498	3,900	21%
Drogheda	4410	3,292	19%

At the same time Drogheda has been affected by job losses stemming from the crisis in the computer industry. Here, service relationships with large employers in the Dublin region are crucial. Job losses in Dublin can affect Drogheda and Dundalk since local business provides input for major employers.

In the last year we lost nearly 200 jobs in this area. In Dublin, Gateway 2000 closed and 1000 people lost their jobs. But Gateway's suppliers are located here. A local company called Independent provided all catering for Gateway 2000 and there were local businesses that supplied Independent with the food. So we estimated around 3000 to 4000 people were affected in some way by the closure. [Chair: Drogheda Partnership]

Those in Long Term Unemployment (LTU – out of work for more than 12 months) accounted for 45% of all those on the register. In order to fully appreciate the picture of unemployment in the two towns, it is necessary to appreciate that “black spots” of concentrated areas of unemployment exist in certain areas dominated by local authority housing. Local surveys indicate levels of over 70%. Nearly 60% of those have been unemployed for over 5 years. As can be seen from the information above, long-term unemployment constitutes the key problem of these areas.

The Dundalk-Drogheda Pact experience

Despite embodying a very strong bottom-up ethos, the Pact was initiated from the top downwards. So although the existing organisations were happy to mobilise a TEP, it was very much a matter for the Department of the Taoiseach, which carried out the selection at the national state level. The Pact developed several tiers of objectives the first drawn from the EU's TEP strategy:

1. The need to mobilise all actors in areas to fight unemployment
2. The need to reinforce the actions implemented by the structural policy in terms of employment creation

The two pre-existing area-based partnerships created a steering committee to manage and administer the TEP and below it sets out its own strategies and operational objectives to improve the job opportunities for long term unemployed people:

1. Implementing plans through the partnership approach at local level involving the local and national areas and groups in the Pact and supporting the **integration and co-ordination of job creation** measures at local and regional level.
2. Identifying and exploiting the **local, regional and national resources** available and involving those resource holders as participants in the Pact.

The Pact itself sets out its meta-objective as the following statement:

“The **key objective of the Dundalk Drogheda Territorial Employment Pact** is to work towards sustaining the underlying growth in employment by developing a number of projects whilst at the same time **spreading the benefits of employment growth** to the disadvantaged sections of respective communities in Dundalk and Drogheda with a particular emphasis on **projects which benefit specifically the Long Term Unemployed**.

The Pact developed a number of innovative projects, designed to promote employability and tackle problems at community level. The two adjacent towns (the main population centres of County Louth) were joined by County Louth in their submission. There are therefore **three key bodies** involved in the administration of the TEPs in the two towns.

Thus from the beginning, the TEP took a fundamentally different stance from that of Dublin for example. It aimed for creative actions, which had specific aims and targets for employment and for the community. With a strong foundation of existing partnership work, it developed innovative projects that were designed to combat the **exclusion of marginalised people from the workforce**. These projects were quite distinct from those initiated by the pre-existing partnerships. Thus whereas Dublin focused on the development of regional policy, backed by purposeful research initiatives, Dundalk-Drogheda aimed for the stimulation of the established bottom-up approach of empowering people at community level. Thus the level of community involvement in preparing the Action Plan and selecting projects was comparatively high, in that **projects were locally devised** with the help of the participating bodies.

The Pact saw **the main problem** as existing in two key inter-related areas:

- insertion of the disadvantaged into the labour market
- community development, especially the improvement of the community environment.

Industrial restructuring or replacement of the footwear, textiles and clothing industries by high tech industries, had taken place but insertion of disadvantaged groups into the labour market continued to be problematic. Existing skills were no longer required and unemployed people required up-skilling such that they were marketable. Immigration into Dundalk from the North by those fleeing the Troubles had resulted in a concentration of problems typified by disadvantage. For example, a TEP project is now located in a council estate of 3-4000 people of which half came from Northern Ireland.

Pre-existing development policy had existed as follows:

- Regional office of IDA had the remit to bring companies into the economy of the region. FÁS was instrumental in providing training and labour for new companies.
- Dundalk Employment Partnership and Drogheda Partnership were policy movers and providers of integrated policy
- Local Employment Services were instrumental in interlocking with the above and also addressed policy
- Forbairt training agency

Thus there already existed a **level of concertation of interventions**. Policy over the last decade had addressed maximisation of jobs available as the key objective. This was replaced

by a focus on training provision and provision of long term employment which aimed to match supply to demand.

From the beginning the Pact was able to **utilise the existing structures** to mobilise the local actors. Additionally the task was made easier by the spatial characteristics of the two areas. These are regarded as small towns where many local actors already know each other and have worked with each other regularly.

It has been easier probably here since these are comparatively small towns and everyone knew each other here. Trade Unions and employers were already in place through the partnerships. The Rotary Club provided some assistance at start-up and we managed to get people released to do this kind of work from their businesses. (TEP co-ordinator)

The co-ordinator stresses that although pre-existing partnership structures were in place and many actors the same as they would have been within the existing partnership framework, greater institutional participation was levered by the TEP. In the TEP framework, **representatives had more practical influence over initiatives** than had hitherto been the case. This made for substantial change in the position and participation of the relevant key actors.

The key mission of Pact was regarded by the Pact as working toward the underlying growth in employment by addressing specific measures to sustain high employment and with particular emphasis on long-term unemployment. Changes, particularly in the labour market demand side, necessitated a clear strategy targeting those at community level who were excluded for the labour market by virtue of either :

- social position: e.g. lone parent families
- appropriateness of skills for insertion into the labour market and the re-skilling or up-skilling necessary

The **understanding of the mission was regarded as excellent** due to the pre-existing involvement of key local actors and there were no difficulties with the direction given at EU level. It is felt that there was additional clarity since there were specific targets combined with accompanying funding. The key features were:

- smooth development of consensus
- clear direction of the bottom-up approach
- territorially based approach to addressing social disadvantage
- tackling of long term unemployment
- tackling of social disadvantage

The sponsors adapted to the strategy quickly since there was **broad familiarity with the working involved in the bottom up approach**. Understanding, involvement was high perhaps due to the initiation of broad consultation. In practice, many community groups were involved in input and the project's orientation. In the opinion of the Pact, this was ideal since it established the nature of the work and what it was designed to achieve. Consultation ensured **a goodness of fit** with the localities involved in projects through the following:

- Consultation on issues in the community.

- Provision of committee training and skill-building courses

Involvement was thus sustained over time by continual consultation and involvement of all those partners (who had in any case been familiar with the structures and activities of the pre-existing partnerships) went hand in hand with local structures. Although the Pact was an addition to existing partnerships, it could be seen by all those involved to constitute a new agency. At the same time, the **administrative links and similarities of project work and direction blurs the differences between TEPs and social partnerships**. It is primarily a difference of emphasis in particular kinds of involvement by partners who are working in a rather different environment. For example, the training project Shuttle 2000 was originally intended for partnership administration but was transferred to the TEP due to the nature of the project. It could and would have functioned at partnership level, but may not have been able to exert the necessary industry leverage or achieved the same level of success.

The way in which key actors were involved was through a steering committee reporting to the Board of Directors of the two pre-existing partnerships. The TEP reports to the Directors of the two partnerships, both of whom take part on the steering committee. All partners signed a formal Partnership Agreement. Thus the steering committee involved the following:

- Representation from employers and private sector senior management
- Representation from Department of Social, Community and Family Affairs
- Representation from partnerships and the community sector.

At the same time the **Pact levered private sector management assistance** (two key business partners) TEP responsible to both partnerships. The Chief Executives are both represented on the steering committees. The TEP has “a free hand” in operational matters and in day-to-day management but budget changes and new projects requires the agreement of the two partnerships. It was felt that all the partners participating in the TEP had brought skills from their specialist areas.

- Companies advised on business arrangements for the setting up of new projects and performed troubleshooting and bullet-proofing before problems arose
- Trade unions advised on industrial relations, health and safety and so on
- Partnerships advised on local networking and project administration
- State Departments advised on benefits and support for participants

So the **benefits derived from a substantial body of specialist support** were crucial at both planning and implementation stages. Working Committees for each project were established each with a mix of social partners which offered relevant and sustainable support mechanisms. It was felt that this **level of voluntary support** was high and drew on the advantage of having fairly small areas within which to work. This led to a **high level of satisfaction exhibited by the partners** themselves, which in turn increased the profile of the organisation in the two towns. The TEP therefore feels that it has a “business with community” profile, which is distinct from the pre-existing partnerships.

The TEP felt that the **“worthwhile” nature of the projects** was difficult to establish in terms of job creation. For example, capital investment in the garden project only provides 5 jobs. Yet the quality of life for the beneficiaries in the local estate has significantly improved. Its BikeLink project does not provide many jobs but has both achieved environmental benefits

and has development potential. It is the case that enterprises set up by the TEP are not-for-profit projects. **The majority of TEP projects achieved social economy status** or are in the process of applying for social economy status. Although there continue to be 5 projects that are being undertaken, they have changed somewhat from the original five designated projects due to their definite, fixed lifespan.

TABLE: DUNDALK-DROGHEDA PROJECTS

Project	Nature of Project	Numbers reached	No of employees	Current standing
Shuttle 2000	Computer training	30 LTU at any time	5 trainers	Terminated Limited life span
Eco village	Organic farming produce	Feasibility study	N/A	Terminated Limited life span Became free-standing business
Community Gardens	Provision and maintenance of new gardens for estate suffering environmental degradation	<ul style="list-style-type: none"> • 3000 inhabitants • 250 families - allotments provision 	7-8 employees	Continuing as social economy project
Telework Centre	Computer training Telework and telesales	<ul style="list-style-type: none"> • 1100 trained • 11 parents 	5 trainers	Continuing
BikeLink	Reclamation of abandoned bikes for export to developing countries Links into Waste Management Plan	<ul style="list-style-type: none"> • Those in Louth donating or reclaiming abandoned bikes • Recipients in Africa 	3 employees	Continuing
Wrist Care	Provides safety and security for elderly by wrist-monitor provision	<ul style="list-style-type: none"> • Provision for 35 elderly people • 140 family members 	5-6 employees	Continuing
Drogheda	Encourage	<ul style="list-style-type: none"> • 130 students 	Not yet	Setting up

Enhanced Education Programme (DEP)	school leavers to go on to third level education Provides exam tuition Excursions Financial support	in programme	operationalised	
Community Media Project	Provides video training and facilities for community Provides community radio station	or 15 ? students Radio catchment of Dundalk population Community groups	In-set up period 5 employees	Part financed through TEP Is TEP “supported” but not full TEP project

Leverage of additional resources has taken place at the financial level in terms of wages for participants. The TEP works closely with the FÁS Job Initiative scheme such that formerly LTU participants can be paid and not lose social benefits. The partnership relationship with the FÁS agency has enabled the TEP to run smoothly at the operational level. Indeed some projects would not be viable without FÁS input. Thus the Pact has:

... successfully leveraged funding towards multilateral efforts and projects were implemented that *would not otherwise have happened*. In particular, the County Council provided the land for the Garden project, thereby turning an underused asset to productive benefit for the community ... (Fitzpatrick Associates)²⁰⁶

Since the focus of the TEP was not that of job creation but rather that of providing upstream measures, which would insert the disadvantaged into the labour market, supply and demand elements are not relevant at this juncture. It is rather framed in terms of **supporting employment initiatives, training and community skilling**. These were selected mainly (in a similar manner to that of the Dublin cases study) because of changes in the labour market and were influenced by the consultations between partners. In this forum, the consensus approach with full involvement ensured that no one partner felt that they had been excluded or overruled.

Whilst working methods were traditional, **the mix of projects and the way in which this was targeted is regarded as innovative**. The focus allowed for certain areas to be targeted within the two towns whilst resources are normally spread evenly over the county. Here, the objective was to carefully tailor projects to the exact local conditions and meet need in this manner. For example, the ecological and environmental functions were entirely new. At administrative level the TEP steering group itself used a fairly common committee structure, which was similar in structure to the existing partnerships. So whilst the TEP was similar to the area-based partnerships in some ways, **it was innovative in comparison with national initiatives**. The projects themselves have made a tangible difference – especially where Telework graduates and Shuttle 2000 reached close to a one00% rate of post programme

²⁰⁶ Fitzpatrick Associates, Final Evaluation – Territorial Employment Pacts, October 2001, Dublin

employment placement. The **timetable was executed smoothly** with few problems by staff and key players who are said to be typified by commitment, energy and support. Where the programme changed this was more a matter of evolution and adaptation rather than a response to economic change.

Each of the Projects was successful in its own way - and it is clear that the projects were accepted in their communities. That they became “owned” by the communities involved - the main achievement of this TEP is exactly that! (TEP co-ordinator)

At the same time it has been **difficult to assess causal factors relating to the labour market**. Although there has been a beneficial record of placement in full time jobs, the lead-time involved in assessing direct impact on employment renders this a problem for project-oriented pacts. It is unclear how much gain has accrued and unfeasible to follow up performance in the labour market without significant funds. However, a key informant suggests that the Telework Development Centre made a significant difference in Drogheda with many organisations and businesses enquiring about the possibility of launching tailor made courses. This project is now in the social economy sector and appears economically viable.

Where **the Pact had a discernable influence** was in the way that community resources were levered and in the enhanced working proximity of the social partners. Support in kind was particularly discernible. The most significant was the FÁS Job Initiative scheme providing the wages of employees. The granting of land to the garden project was also significant. But although the Pact was obliged to rent offices, it gained from the provision of extra office space and resources, reception services, meeting rooms and accountancy services which made good economical use of existing partnership infrastructure. In particular the most productive influence was that of bringing in a major business player (Microsoft). The technical assistance levered in this project represents considerable

- Good initial negotiation
- Skilled networking
- Demonstration of business commitment to the communities where Microsoft is located
- Excellent leverage in kind
- Appropriate input and transfer of skill and competencies
- Development of sustainable partnership operations

Key problems are regarded as “slight” because links continue to be good (regarded as “very satisfactory”) and mainstreaming is already taking place. There were no displacement effects. However there are several technical and administrative problems that have cropped up, some of which are related to “joining up” services whose operations are constrained by certain rules. For example, although training agency FÁS is taking responsibility for the Telework Project, it has not been able to provide childcare costs for participants, as was the case under the Pact. The problems are as follows:

- Managerial time is fragmented between projects and between the two centres in Drogheda and Dundalk. It is difficult to allocate time evenly
- Co-ordination staff turnover has negative impact on continuity for the TEP
- Comparative absence of representatives from the political level
- EU Technical assistance low

The Pact feels that the outputs of the project are clear, in particular the success in job placements of the two computer training projects, particularly in view of the target population of lone parent families. Key outputs are regarded as the following:

- Effective projects mounted.
- Excellent post-programme employment
- Dissemination and networking reached targets
- Business assistance mobilised or levered
- Local authority resources levered
- Trade union assistance levered

Dissemination was a of a good standard and well targeted across a range of policy makers, those in the TEP network, the local communities and key individuals. The dissemination of other partners engaged well with this Pact and some project information exchange led to introduction of particular projects such as BikeLink. Dissemination instruments are as follows:

- Quality brochures targeting possible participants
- Quality brochures increasing local knowledge and awareness
- Constant and even reporting systems providing partners with up to date information.
- Web site construction and maintenance provided good contact and entry points.
- Transnational dissemination (Poland) through conference interventions.
- Dissemination assisted networking in Finland and Italy
- Contributions to Interregio
- Conferences, seminars, workshops, public meetings

This Pact is set to continue and feels that the **mainstreaming of particular good-practice project models has proved beneficial for both regional and national level**. Although the Pact continues in much the same fashion as prior to transfer to ADM funding, it has a very clear role within the County Louth area and has achieved a significant profile in the two towns. Crucially, if the Pact were to be terminated, citizens would certainly be aware of the cessation of some excellent projects and the partnership relationship with local business would suffer. The notion of “spinning off” projects and creating new ones is a novel step within Ireland and is probably exclusive to the TEP initiatives. There has been a tendency within some area-based partnerships (as with many social projects at community level) to retain projects beyond their useful community life. If projects exhibit the necessary sustainability conducive to independent survival or fully attain their objectives then resources may be freed up for use in developing other targeted projects.

That this Pact has proved able to create projects, which are now subsumed in the social economy initiative, is a **key indicator of carefully targeted and constructed projects**. The added value factor lies here. If the project is allowed to continue in this fashion utilising the broad and committed nature of the Pact members, this can only have a positive impact on the regional level through local activities. It is an example of **local activity with regional and national implications**.

Table 5: TEP CASE STUDY 2:DUNDALK-DROGHEDA SUMMARY SHEET

Theme	Characteristics
Location	Urban setting enclosed within rural area. Close to Dublin Region Economic/employment relationship with rural surrounding is “slight” Declining traditional industries, new technology development Commuter development placing strain on existing infrastructure
Objectives and orientation	Upstream employability measures Local project development
Key target groups	Long Term Unemployed Lone Parents Local pockets of social disadvantage (“black spots”)
Type of Projects	Computer and call centre training Environmental improvement Development - international
Pre-existing development agencies	Area-based Partnerships (Dundalk and Drogheda) Local Employment Service (LES) Local offices of national state agencies (e.g. FAS, SCFA)
Administrative Framework	Reports to area-based Partnerships Reports to ADM
Government state level	Office of Taoiseach (start up point) Department of Tourism and Recreation (current) Agency responsible: ADM reporting to above
Change since start	Responding to changing economy demands Focus on adaptation rather than job creation
Partners	Social partners, local authorities, state agencies
Partnership relationships	Existing foundation, network and concertation at towns level
Key success indicators	High post-programme employment Some projects gained social economy status Some projects mainstreamed Good business leverage - secondment Local authority leverage – land, resources Established TEP profile Consolidation and development of existing Partnership at policy and operational levels
Key Obstacles	Fragmented management operations but controllable Turnover of co-ordination staff – continuity lack Obstacles diminished by existence of area based partnerships
TEP difference, pre-existing forms	Similar to method of working of existing Partnerships Duplication of social partner structure for TEP and all projects Discrete objectives and orientation Separate administrative and reporting structure Avoidance of duplication Avoidance of displacement

Leverage	Business leverage – technical assistance State agencies – funding from Education (Libraries), Social, Community and Family Affairs (Job Initiative) - wages Local authority – land, premises, other – miscellaneous
Value Added	Network consolidation Strong, practical and effective focus - existing partnership Confidence (those entering labour market)
Dissemination	Satisfactory, targeted to partners, local communities, interested parties Good, accessible information brochures Good informative web site Transnational dissemination stimulated productive networking
Mainstreaming	Mainstreamed under ADM. Some projects spun off to independent sector, social economy, FÁS

SECTION 3: CONCLUSIONS

The national implementation of the TEP programme built on the successful foundation of the area-based partnerships. Forced to address economic change, particularly that of change in labour demand, TEPs aimed to aim for a match between supply to demand. They did this through a concentration on the supply side and upstream measures, which aimed to include those sections of the population, hitherto excluded from the labour market

TEPs addressed the regional tier in an extension of partnership arrangements involving a wider range of actors and stakeholders. In Dublin the TEP became a role model for intelligence operations, plugging gaps, facilitation and animation. Although initial consensus took more lead-time than was expected, agreement between the economically and socially oriented sectors was reached and partnership-working arrangements evolved as very satisfactory. In Dundalk-Drogheda, the active involvement of a major employer (Microsoft) also represents a major achievement. Both comprise significant added value for the TEP programme.

Financial leverage was primarily concentrated in contributions from co-existing government programmes and initiatives. There were considerable benefits accruing from resource leverage in technical assistance (employers and trade unions) and in office, meeting and conference facilities and land for projects (local authorities). At the same time value added effects can be seen in partner cohesion, involvement and construction of a wider level of regional partnership and regional strategy.

Outputs take two forms and the two case studies reveal separate but related outcomes. The first relates to the development of the regional approach to employment and tackles research and development at regional level, targeting of unemployment blackspots and insertion of the marginalised into the labour market. The second case study also tackles marginalised sectors for insertion and has the objection of matching of supply and demand. But it also looks at the quality of life for the target group that is to be inserted. This is recognition of the social infrastructure provision necessary for successful insertion. This can be seen as an essential factor of sustainability of supply and demand matching.

What is the connection? Comparative underdevelopment of regional planning by local authorities has led to a fragmented approach to quality-of-life improvement, which local area-based partnerships have attempted to tackle for the period of their existence. The involvement of local authorities at the regional level, welded to the experience of local partnerships has begun to address quality of life and social cohesion necessary to sustain social inclusion measures.

What therefore is the organising principle of the TEP pilot experience? In the view of the evaluator this takes the form of *suture*²⁰⁷, by which I mean the **stitching together** of various programmes, tiers of governance and the social partners. The TEP programme in Ireland has provided a role model for new forms of government functions that address fairness and equality. The success of this can be gauged by the involvement of the business sector. This rests on an acknowledgement that **for employers, elimination of marginalisation and social exclusion has a clear economic benefit**²⁰⁸. For example, Shuttle 2000 and the Drogheda telework centre succeeded in the insertion of lone parents into the labour market. These worked best when childcare facilities were provided.

Whilst mainstreaming has taken place, the Pacts remain as permanent pilot initiatives. In some respects, this is both positive and negative. It appears that achievements were important enough to retain but not significant enough to extend. Why is this when the gains of consensus, focus and suture achieved more than was ever expected? The experience of TEPs indicates that regional initiatives combined with local-area based partnerships can offer a direction and integration, which has hitherto proved absent. Through careful targeting of that layer of society, which most appears static and unresponsive, combined with economic assessment, input and quality of life improvement at the level of a “social wage”, TEPs have created the possibility of change. At the same time *change involves loss of typical and familiar arrangements* for central and local governance and for the community development approach of area-based partnerships. The comment of the informant from the Dublin Regional Authority is particularly appropriate. Top-down and bottom-up approaches need to meet and TEP facilitation provided the location for that meeting.

The TEPs helped forge a more integrated territorial policy based on “joining up” the social and economic aspects of Ireland’s potential labour market. Yet there are notable absences from some levels of governance. Although elected members of government have shown approval and support they appear somewhat uninvolved in the Pact experience. Some informants suggest that the TEP initiative should have remained within the Office of the Taoiseach because this indicated the level of importance of the programme. And whilst there is no criticism of TEP positioning within the Department of Tourism, Sport and Recreation, it

²⁰⁷ Suture (*sutura*, a seam) is name given to either the *close union* between two areas of the skull or to the *series of stitches* by which a wound is closed.

²⁰⁸ Discussion of this topic may be found in the works of Castells, Manuel. e.g. “Reader on the city and social theory” or in the works of Pickvance.

is indicated that its old location within the Office of the Taoiseach may have influenced relevant state departments to become more *involved* in the TEP initiative.

The example of the Ireland TEPs demonstrates the need for an integrated approach at both social and economic levels. TEPs acknowledge the need for a flexible, adaptable workforce that benefits socially from economic success. Their experience shows that the economic and the social levels must be addressed contemporaneously.

**National Report on the overall performance
of the TEP Programme:**

Italy

Prepared by: **ECOSFERA S.P.A, Rome**

SECTION 1: TEP PROGRAMME AS A WHOLE

MEMBER STATE CONTEXT

In this section, the evaluator has outlined the national context for the TEP programme on the basis of the existing documentation and of the interview carried out with the Director of the unit responsible for the central management of the “Sviluppo Locale” MOP (Multiregional Operative Programme) inside the Ministry of Economy and Finance.

Governance context and national policy

The commitment of the Italian government to improve the employment situation, after the crisis that affected the national economy at the beginning of the 1990s, was strong. The main step of this commitment was:

- The “Patto per il lavoro” (September 1996), which acknowledged the agreement between the government and the social parties (July 1993). This pact aimed at fighting unemployment and boost the economy through several co-ordinated actions.

In order to develop new effective instruments to promote employment, the government chose to approach the problem through the adoption of innovative methodologies and integrated strategies to be realised at local level. Several initiatives were then introduced and they all proposed new typologies of interventions that increased the role and the responsibilities of local authorities. These new instruments were:

- “Contratti di programma”
- “Intese istituzionali di programma”
- “Accordi di programma quadro”
- “Contratti d’area”, and
- Territorial Pact

All these instruments were officially regulated under Law 662/96, which introduced the “negotiated programming”. This law defined the territorial pact as “*the agreement, sponsored by local authorities, social partners, other public and/or private actors, in order to promote a programme of actions aiming at the local development*”. The management of the Italian territorial pact was assured by the CIPE (Inter-ministerial Committee for Economic Programming).

Selection criteria of the TEPs

Among all the Italian Pacts, ten were chosen to participate to the TEP Community Pilot Programme.

The criteria according to which the ten pacts were selected were as follows:

- ✓ Innovation;

- ✓ territorial distribution;
- ✓ specific features of the Pacts;
- ✓ degree of advancement (the most advanced projects were chosen)

Implementation of the TEPs

The interview realised at the Ministry of Economy and Finance highlighted the most important aspects related to the implementation of the European pact. The table below sums up the most important features of the TEPs in relation to the national pacts.

TEPs	National pacts
Bottom-up approach	More centralised management
Strong involvement of the SIL (Intermediary Local Subjects)	Lower quality of the interventions, because: <ul style="list-style-type: none"> - fewer partners were involved, - interventions were not sufficiently adequate as compared to the needs of the territory, - there were more delays and - interventions were less innovative in character
Qualified managers	
Respect of the deadlines	Community deadlines
Constant monitoring of the outputs	

The unit responsible for the management of the TEPs Programme inside the Ministry is supported by a technical assistance provided by Price Waterhouse.

The unit, directed by Mr. Casale, started working on the TEPs at the beginning of 1999, soon after the approval of the MOP (December 1999). Mr. Casale and his staff then co-ordinated the management of the TEPs at national level. They assisted the SIL (which is the Intermediary Local Subject managing the pact) for all the problems related to the implementation of the activities, organising meetings sometimes more than once a month. These meetings helped the Pact co-ordinators to get in contact and share their experiences.

Attitude towards the TEP programme

The National Authority considers the TEPs programme is a successful intervention. The key aspects of its success are:

- Quick procedures connected to the approval of the programme;
- Genuine bottom-up approach;
- High expenditure capacity for a limited period of time;
- High ratio between investments and impact on employment, especially in certain sectors (this information has been given to us during the interview conducted at the Ministry: it is a general statement whose evidence is illustrated in the case studies. For example, in the Catania Pact, an investment of only 20.000€ in the non profit sector allowed the creation of a new job)

- Testing of a funding scheme that will be used in the mainstreams programmes for the new programming period;

The Ministry pointed out that all the Pacts worked well, taking into account the difficult areas where they intervened. Their success was mainly due to a planning activity which started from the actual local needs. As a consequence, the Pacts can be considered as an example of “best practice”, since the programme was defined by the same authorities who faced the local problems. For this reason, the new “regionalised” management model for the new 2000-06 Structural Funds programming is not considered favourably by the Ministry. They consider the locally based model a success, and would have liked it to be reintroduced.

Overall Pact Performance in Italy

The methodology of the Territorial Employment Pacts revolves around four principles:

- Bottom up approach;
- Formal and broad based partnership;
- Integrated strategy;
- Injection of innovation.

On the basis of the existing documentation and of the interviews carried out, one can say that the Pacts have to a great extent met the four above mentioned principles.

Bottom up approach

The nature and extent of grass roots involvement in the TEPs varied according to the various phases of the Pacts.

In the preliminary phase, local public operators played a substantial role. In all three case studies, the idea to create a Pact came from the municipalities, trade unions and associative sector of the area.

In the elaboration phase, the involvement of grass roots organisations broadened to include local economic, financial and social actors. Some respondents viewed this phase as a truly collaborative period where all local actors overcame their divergences in order to define the priorities to be included in the Action Plan.

In the implementation phase, local actors (municipalities, private sector, associations, trade unions, non-profit making and cooperative sector, professional organisations, chambers of commerce, training institutions) continued to meet and collaborate. Some saw this period as less collaborative with decisions appearing to be taken without prior consultation. This finding, as the Catania case study shows, should be considered with caution because in the case of a large partnership (more than fifty) it is difficult to consult every single partner.

Formal Broad based Partnership

The partnerships were broad-based from almost the beginning of the Pacts. In some cases, the partnership already existed and extended naturally or under the impulse of a municipality to incorporate other local actors (mainly financial, economic). In other cases, the partnership had to be constituted from scratch. In these cases, the activities of animation carried out by local and provincial authorities, and later on by the S.I.L (local intermediary subject), were essential. In cases where the partnerships already existed, the latter constituted a starting point for the development of a broader partnership (broader in number and in nature, i.e. economic, social local actors joined the initial nucleus). In this sense, the EU TEPs acted as a catalyst without which a local broad-based partnerships would not have come together.

Integrated Strategy

All three TEPs under review had an integrated plan of development for their respective areas. This integrated plan took on three forms:

- Complementarity with different funding schemes to revitalise an area (as in the Calatino Sud Simeto TEP);
- A series of interventions related to one common idea (as in the Catania Sud TEP); The common idea referred to is the idea to boost tourism as a way to encourage economic development in the area. The regeneration of an area to create employment (by the profit and non profit-making sector) and social services for disadvantaged groups (as in the Agro Nocerino TEP).

Injection of Innovation

The novelty of the TEPs lied in:

- The methodology: the idea that partners could solve specific territorial problems through collaboration and consultation;
- The creation of a S.I.L responsible for both programming and managing the Pact activities;
- The importance of respecting Community timing; The novelty is twofold: one the one hand, the respect of strict timing, as set by the Community, encouraged promoters to complete their projects in due time in order to obtain funds. On the other hand, it contributed to creating a climate of trust between project promoters and public institutions. The latter were distrusted because of the long time promoters would wait for in order to see their projects funded. Consequently, the new approach of the TEPs, by imposing strict time limits, improved the relationship between promoters and public institutions and encouraged the completion of projects.
- The transparency of management and financial procedures using activities of animation.

The Catania Pact experience presents some form of novelty in relation to the other Pacts, in that it involved only one municipality, that of Catania, and mainly only one sector, tourism.

Added Value of the TEPs

The great added value of the TEPs was to encourage collaboration between local private and public actors, often within the Pact structure (the S.I.L), and to create a ‘culture of trust’ between partners and institutions. The role of the S.I.L was very important to this effect, as it is the activities of the S.I.L which contributed to install this climate of trust (for example by showing a sound management of the Pacts, ensuring the transparency of financial procedures, etc.).

Another added value for the territory was to impose Community requirements as the only way to obtain funding. Project promoters saw the implementation of their projects tight up to specific deadlines and guidelines which they had to respect in order to receive payments. This meant that:

- projects had to be in line with territorial needs to be eligible;
- projects had to be implemented and completed within due time to receive funding;
- projects conducted by the private sector followed the rules established by the public sector, thus adding real value to the partnership.

Another, more contested, element which contributed to bring added value to the territory was the participation of banks in the partnership network. Banks played a double role, of participation in the partnership and of providing the TEPs with the appropriate tools to facilitate the Pact action. In practice, however, interviewees seem to be of the opinion that the financial procedures were often lengthy and cumbersome. Some project promoters expressed the view that the bureaucratic procedures which were required in order for the bank to allocate funds were numerous. As a consequence, the allocation of funds took time. In some cases, relations with Banks were problematic as, in their double role of partners and financing bodies, these institutions did not always accept the partnership’s decisions with enthusiasm even if, in the end, they could not change the latter.

Resources of the TEPs

The TEPs were included in a specific Multi-Regional Operative Programme (POM in Italian), to which the national government gave a financial support of 139 million Euro, under the national legislation 183/87 (*‘Fondo di Rotazione’*), and for which the national government obtained a Community funding of 140 million Euro, under the Structural Funds Programming assigned to the Mezzogiorno, the South of the country.

The breakdown of the national and Community resources allocated to the TEPs within the framework of the POM is shown in table 1.

Table 1 - Breakdown of the national and Community resources allocated to the TEPs

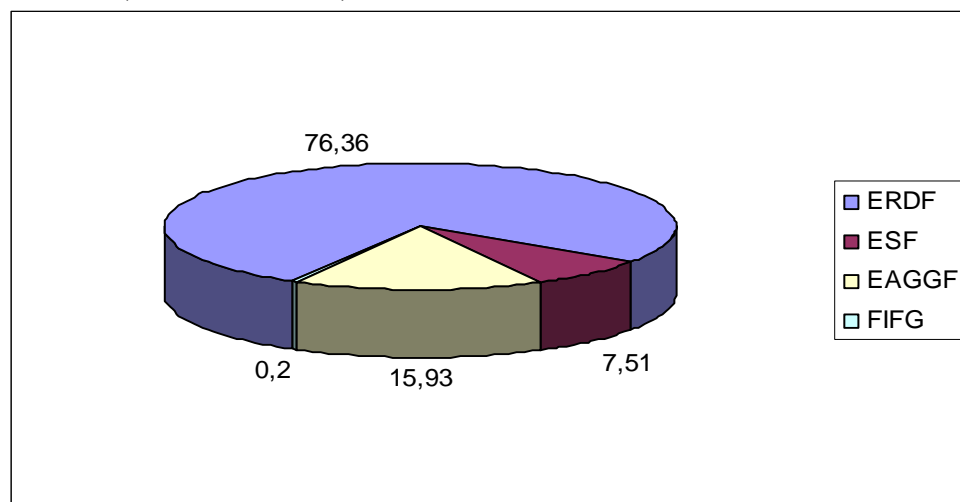
ERDF	ESF	EAGGF	FIFG	TOTAL EU	Expenditures	% Spent	Law 183/87	TOTAL MOP	Law 208/98	TOTAL	Expenditures	% Spent
13.605.000	2.470.000	1.250.000	-	17.325.000	17.290.933,00	99,80	17.087.946,13	34.412.946,13	16.842.434,16	51.255.380,29	38.943.539,00	75,98
10.295.000	1.850.000	5.385.000	-	17.530.000	17.411.214,91	99,32	17.654.321,36	35.184.321,36	16.421.780,02	51.606.101,38	36.204.664,32	70,16
12.584.000	1.300.000	3.428.000	-	17.312.000	17.108.207,51	98,82	17.367.151,41	34.679.151,41	16.584.154,07	51.263.305,48	41.253.425,73	80,47
16.475.000	850.000	-	-	17.325.000	17.325.000,00	100,00	17.136.945,07	34.461.945,07	16.796.521,15	51.258.466,22	35.123.337,41	68,52
15.019.000	150.000	2.156.000	-	17.325.000	17.325.000,00	100,00	17.283.378,32	34.608.378,32	16.651.396,76	51.259.775,08	36.968.362,91	72,12
12.958.000	2.240.000	1.935.000	-	17.133.000	16.974.236,29	99,07	17.201.461,29	34.334.461,29	16.584.825,46	50.919.286,75	33.294.822,51	65,39
12.539.000	1.136.000	3.378.000	272.000	17.325.000	17.053.000,00	98,43	17.340.884,09	34.665.884,09	16.596.135,87	51.262.019,96	38.107.196,86	74,34
12.365.000	410.000	4.550.000	-	17.325.000	17.325.000,00	100,00	17.797.554,47	35.122.554,47	16.148.884,19	51.271.438,66	35.045.273,74	68,35
105.840.000	10.406.000	22.082.000	272.000	138.600.000	137.812.591,71	99,43	138.869.642,14	277.469.642,14	132.626.131,68	410.095.773,82	294.940.622,48	71,92

Source: Italian Ministry of the Economy and Finance

The Structural Funds assigned to the TEPs were divided as follows (see also charts 1a and 1b):

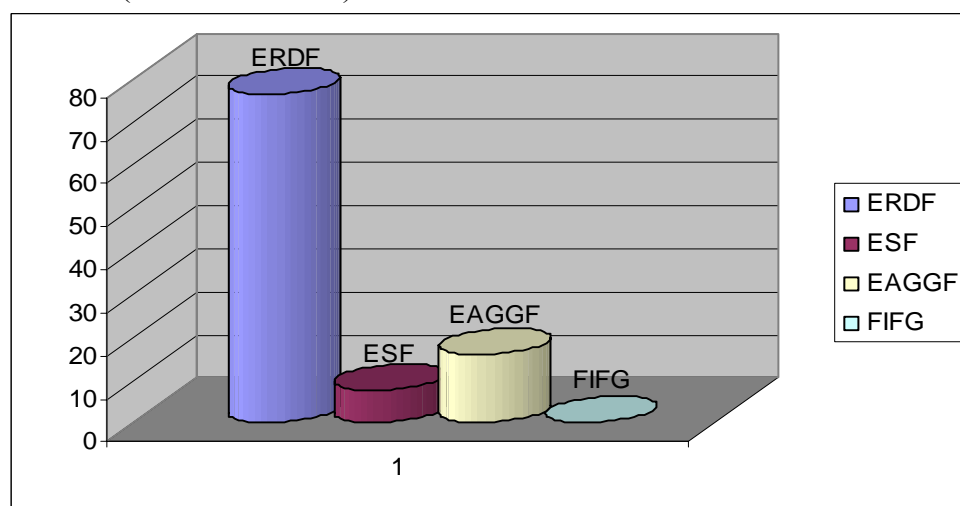
- EAGGF: 15,93%;
- ERDF: 76,36%;
- ESF: 7,51%;
- FIGF (allocated to the Nord Barese Ofantino Pact only): 0,2%.

Chart 1a (Structural Funds)



Source: Italian Ministry of the Economy and Finance

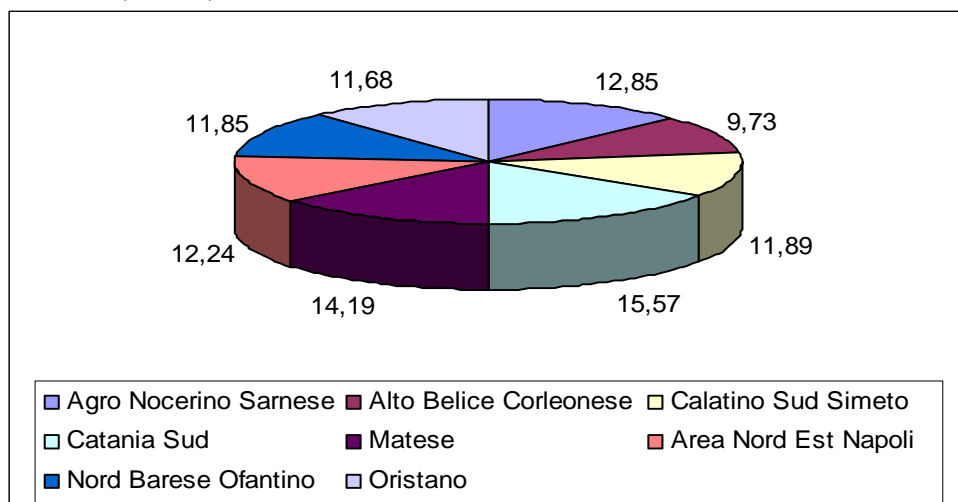
Chart 1b (Structural Funds)



Source: Italian Ministry of the Economy and Finance

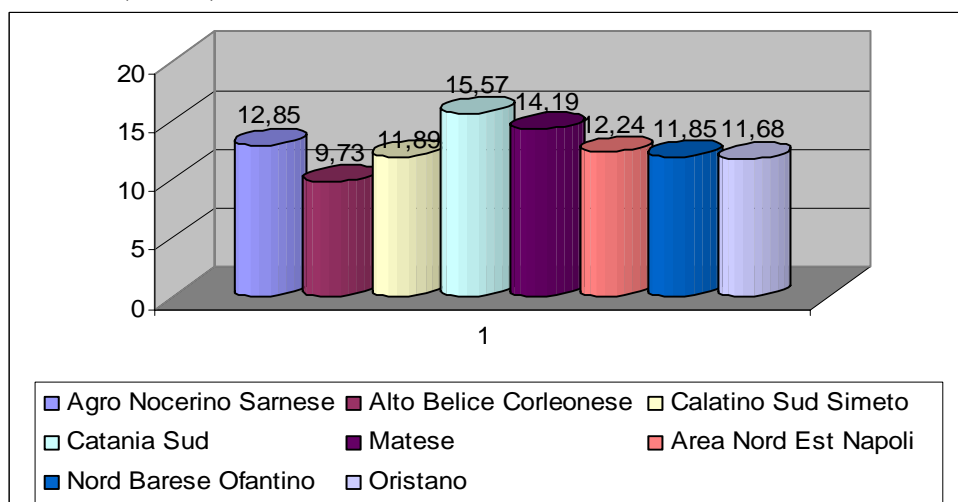
A breakdown of Community co-funding per type of assistance and per TEPs is shown in percentage from charts 2 to 4.

Chart 2a (ERDF)



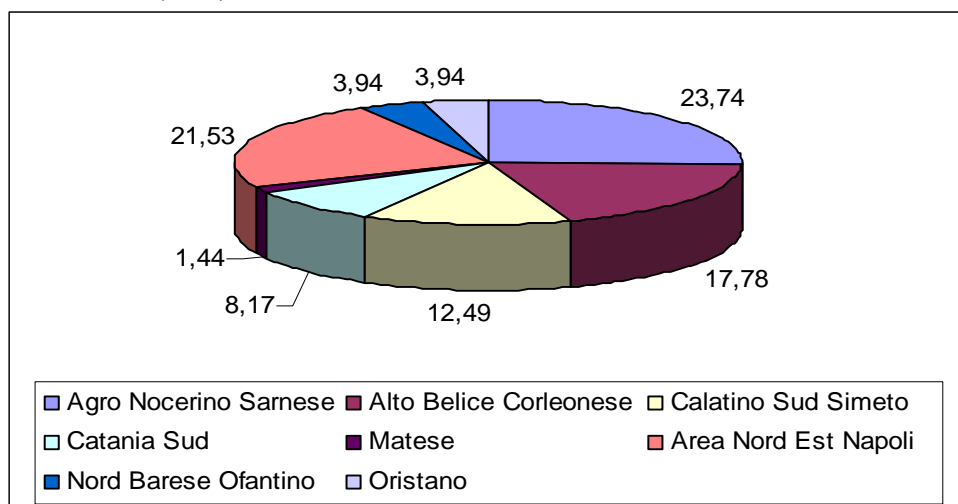
Source: Italian Ministry of the Economy and Finance

Chart 2b (ERDF)



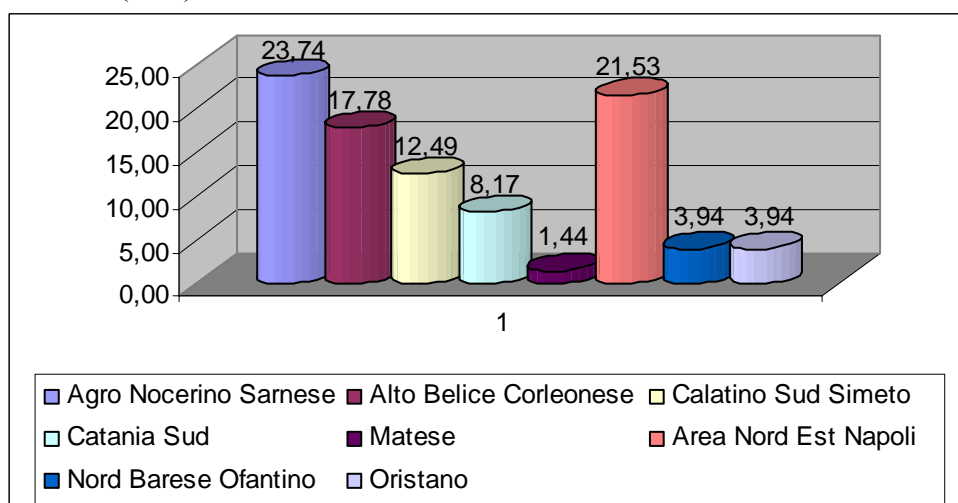
Source: Italian Ministry of the Economy and Finance

Chart 3a (ESF)



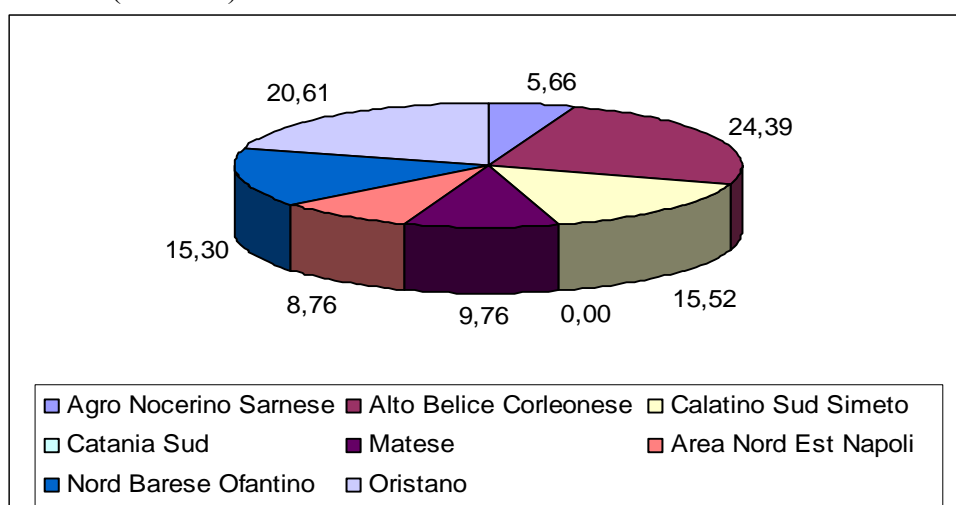
Source: Italian Ministry of the Economy and Finance

Chart 3b (ESF)



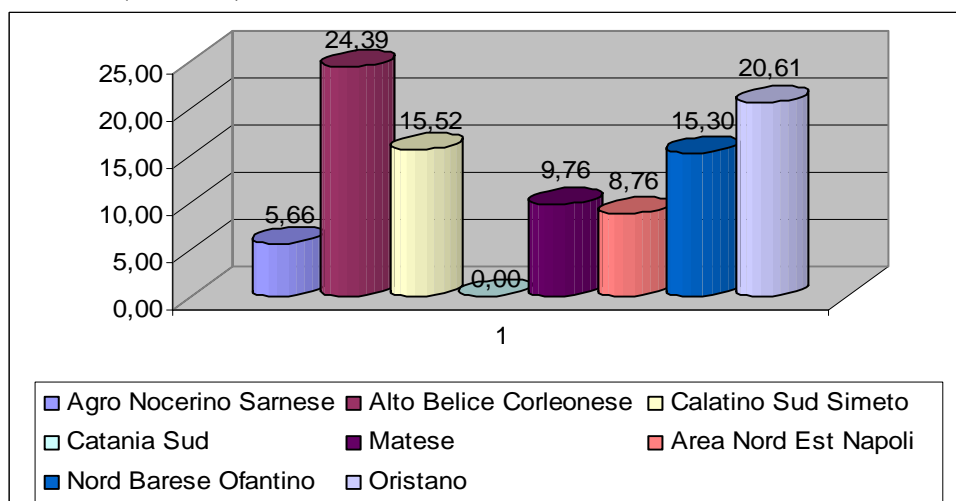
Source: Italian Ministry of the Economy and Finance

Chart 4a (EAGGF)



Source: Italian Ministry of the Economy and Finance

Chart 4b (EAGGF)



Source: Italian Ministry of the Economy and Finance

On 4 March 2002, the Italian government decided to allocate an additional funding of 132 Million Euro to the TEPs, under the Italian legislation 208/98, in order to ensure an equal treatment with other National Territorial Pacts and to enable the implementation of projects until 31st December 2002.

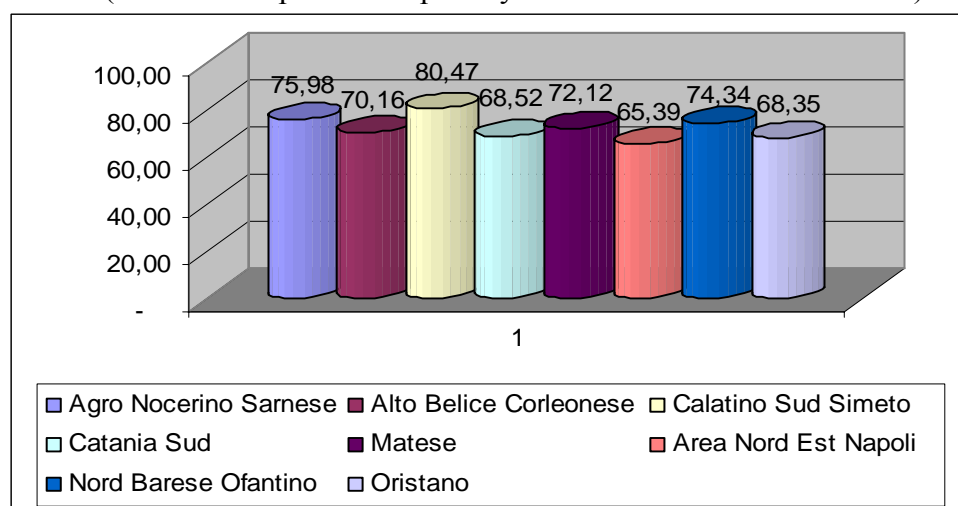
The breakdown of the financial contribution given by the State under legislation 208/98 is shown in the above mentioned table (table 1).

According to this table, out of the total funds allocated (EU funds + State funds + Additional Programme), on 31st December 2001 the TEPs have spent (see also table 2 and chart 5 below):

Table 2:

Territorial Employment Pact	% of total spent by 31-12-01
Agro Nocerino Sarnese	75,98 %
Alto Belice Corleonese	70,16 %
Calatino Sud Simeto	80,47 %
Catania Sud	68,52 %
Matese	72,12 %
Area Nord Est Napoli	65,39 %
Nord Barese Ofantino	74,34 %
Oristano	68,35 %

Chart 5 (% of total expenditure spent by 31-12-01: EU and State funds)



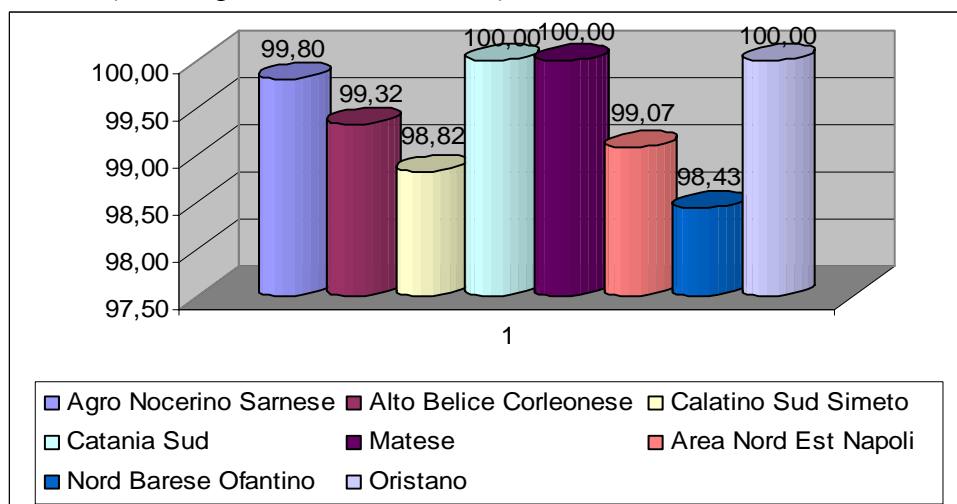
Source: Italian Ministry of the Economy and Finance

In relation to EU funds only, on 31st December 2001 the TEPs had spent as follows (see below table 3 and chart 6):

Table 3

Territorial Employment Pact	%
Agro Nocerino Sarnese	99,80 %
Alto Belice Corleonese	99,32 %
Calatino Sud Simeto	98,82 %
Catania Sud	100 %
Matese	100 %
Area Nord Est Napoli	99,07 %
Nord Barese Ofantino	98,43 %
Oristano	100 %

Chart 6 (% of expenditures - EU funds)



Source: Italian Ministry of the Economy and Finance

Due to the positive results obtained by the Multi-regional programme, the Ministry of Economy and Finance has conceived a new programming instrument to allow the ten EU Pacts to consolidate the experience they have acquired on the territory until 31st December 2004. The objectives of this new programming will be to:

- To maximise the collaboration between the different political levels (local, regional, provincial and national);
- To maximise the principle of local governance by consolidating and institutionalising local partnerships and the role of the S.I.L;
- To maximise employment policy.

Distribution of Resources per Action

According to the type of action, implemented projects refer to:

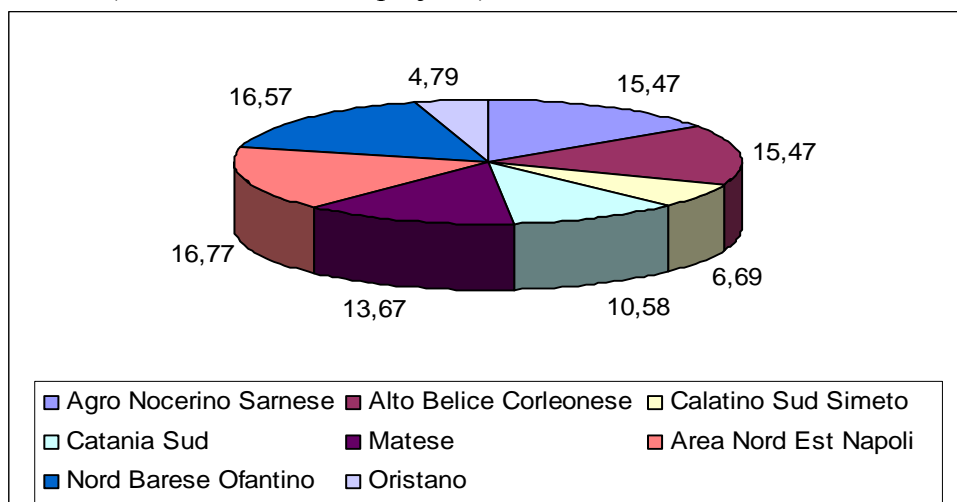
- Infrastructure interventions;
- Training;
- Services and other.

A breakdown of implemented projects per type of action shows that:

- The percentage of implemented projects related to infrastructure interventions is particularly high in the Matese Pact (37,5%) as well as in the Alto Belice Corleonese Pact (25,5%) and in the Agro Nocerino Sarnese Pact (17,5%);
- The percentage of implemented projects related to training is very high in the Nord Est Napoli Pact (42,86%) and in the Agro Nocerino Sarnese Pact (17,86%);
- The percentage of implemented projects related to services and other is extremely high in the Alto Belice Corleonese Pact (74,36%) and fairly low in all the other TEPs (around 2,56%).
- The Oristano TEP has a very low percentage of implemented projects in all domain of intervention.

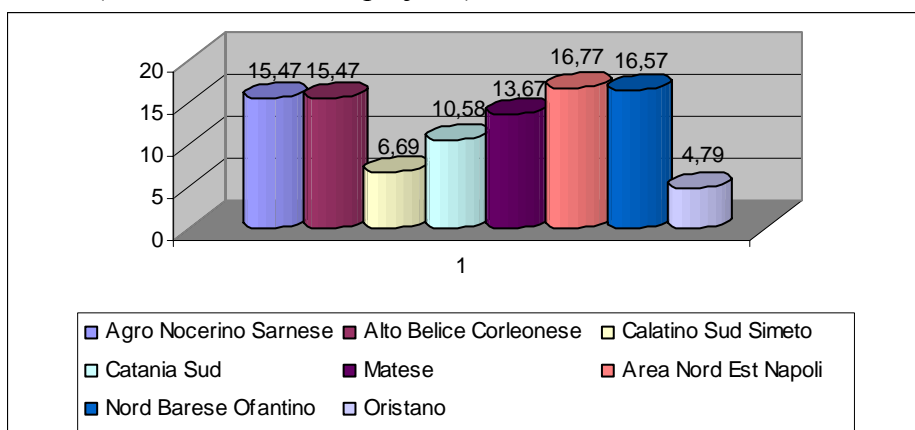
The complete breakdown of implemented projects per type of action is illustrated from charts 7 to 10.

Chart 7a (% of distribution of projects)



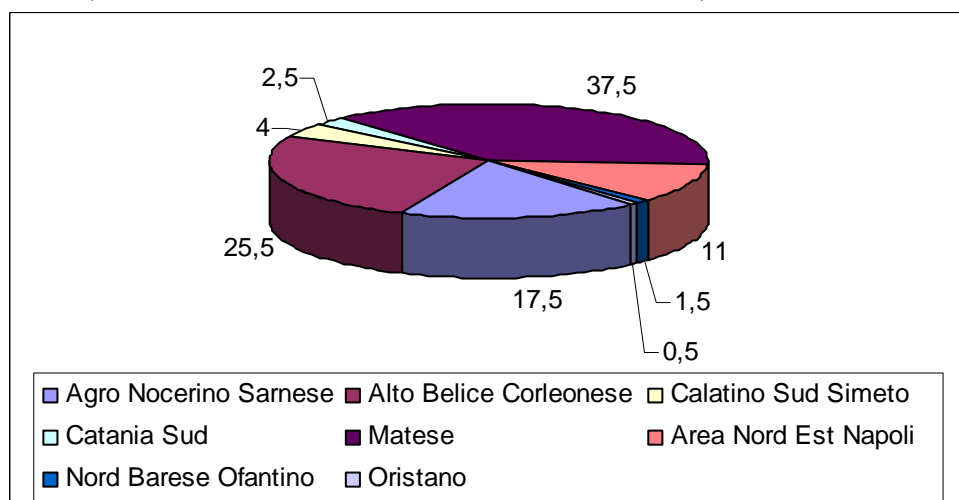
Source: Italian Ministry of the Economy and Finance

Chart 7b (% of distribution of projects)



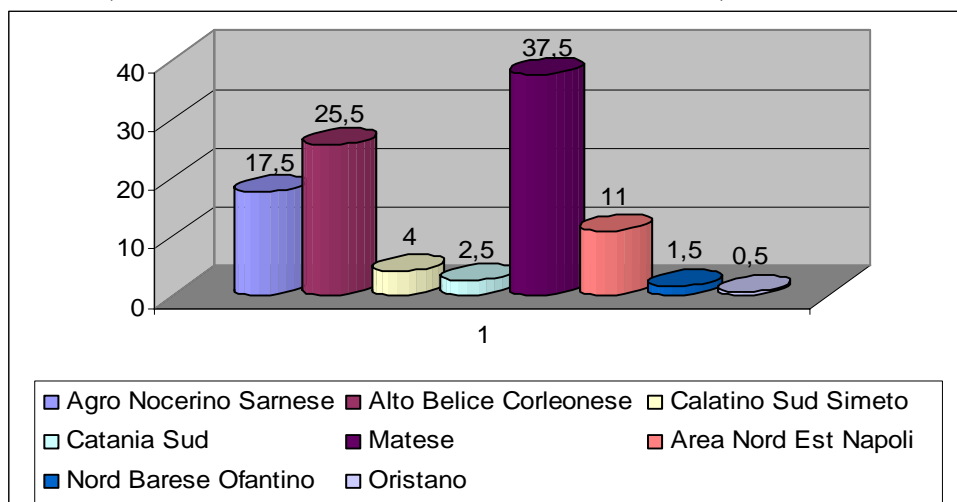
Source: Italian Ministry of the Economy and Finance

Chart 8a (% of distribution of infrastructure interventions)



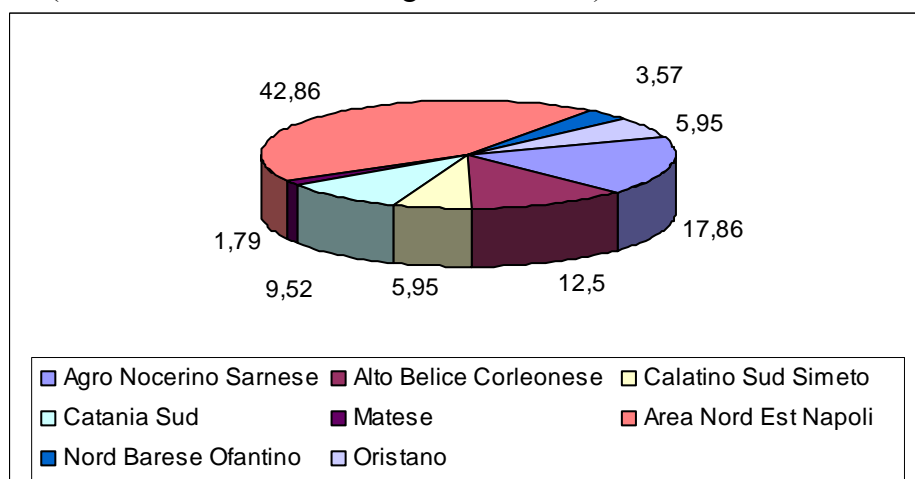
Source: Italian Ministry of the Economy and Finance

Chart 8b (% of distribution of infrastructure interventions)



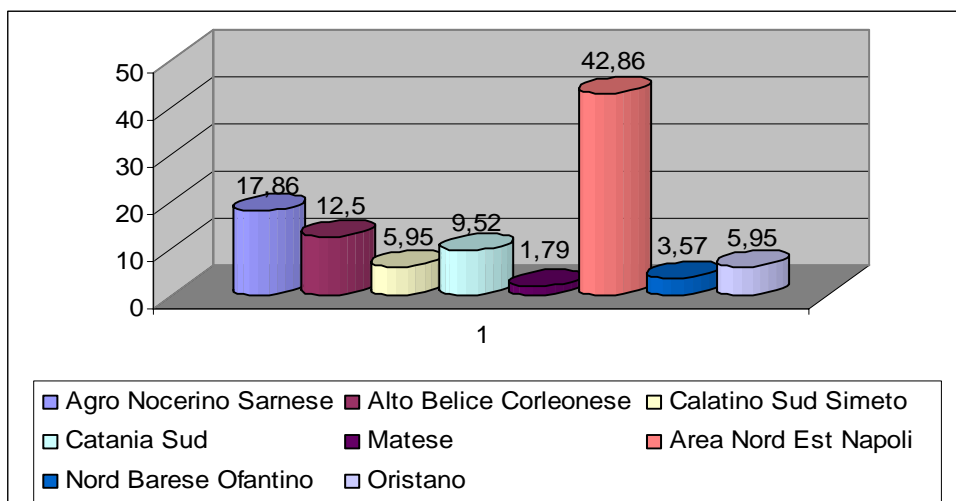
Source: Italian Ministry of the Economy and Finance

Chart 9a (% of distribution of training interventions)



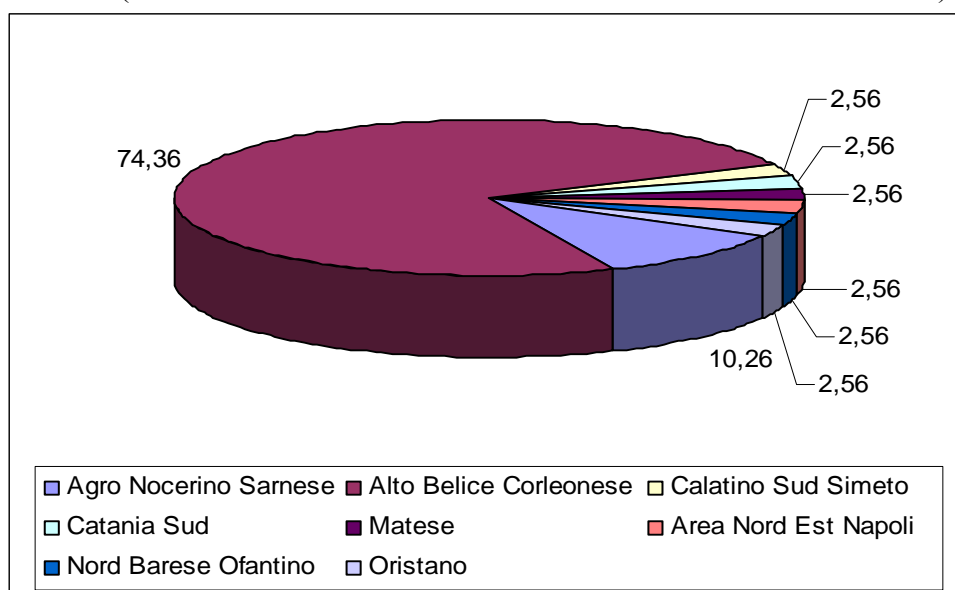
Source: Italian Ministry of the Economy and Finance

Chart 9b (% of distribution of training interventions)



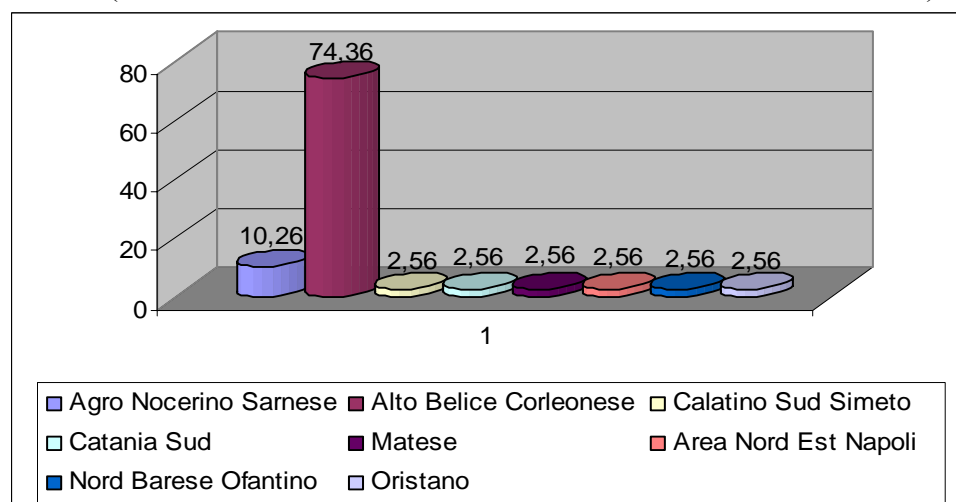
Source: Italian Ministry of the Economy and Finance

Chart 10a (% of distribution of services and other innovative interventions)



Source: Italian Ministry of the Economy and Finance

Chart 10b (% of distribution of services and other innovative interventions)



Source: Italian Ministry of the Economy and Finance

The distribution of all implemented projects by TEPs is the highest in the Nord Est Naples TEP and the lowest in the Oristano TEPs, as chart 12 shows.

Mobilising Local Resources

The general view is that the TEPs were successful in attracting local public and private funding. It is, however, difficult to quantify the latter at this date.

Employment and Development Impact

It is difficult to quantify the impact of the TEPs on employment and development. The TEPs were officially completed on 31 December 2001 and, in consequence, the outcomes will not be visible before 2002, 2003.

According to a first evaluation conducted at the request of the Ministry of Economy and Finance, the ten Pacts (there were 9 Pacts and one exclusively financed from national source - Appennino Centrale-, through government decision of 22 December 1998). TEPs should create about 10.000 new jobs.

The three case studies conducted on the Italian territory show that, on 31 December 2001:

- The Calatino Sud Simeto Pact had enabled the creation of 291 jobs, a number below the initial forecasts of 822 jobs. The Pact, however, foresees a creation of 152 new jobs before the end of 2002 and of 206 before 2003;
- The Catania Pact has so far contributed to the creation of some 500 jobs;
- The Agro Nocerino Sarnese Pact had allowed the creation of some 750 new jobs, a number that exceeded the initial forecasts of 616 jobs. It is estimated that before the end of 2002, the total number of created jobs will amount to 1.500.

These data are based on the information given by project promoters to their respective S.I.Ls and do not, as reported here, take the quality of the jobs created (type of contracts, gender, etc.) into consideration.

The impact of the TEPs on employment and development is also qualitative and concerns, amongst other things:

- The local character of the TEPs: The methodology of drawing up a Plan of Action, based on territorial feasibility studies and local actors' ideas, and of consulting the partnership paved the way for a more rational approach to local employment and sustainable development;
- The type of actions undertaken, such as specialised courses to form the workforce to new jobs specifically related to the territory;
- The fostering of a business culture, by, for instance, giving local entrepreneurs the possibility to choose the financial tools best suited to their needs, as a way to boost local entrepreneurship;
- The development of a culture of trust between local operators and local, regional, provincial and national administrations, as a new form of governance (local empowerment);
- The development of the associative sector, as a new source of employment and as a service supplier for disadvantaged groups;
- The quality of interventions financed by the Pact; Quality refers to the adequacy of the interventions in relation to their goals and to the specific needs of the territory.
- The ability to meet deadlines and therefore to disburse funding, thus allowing the completion of projects.

Problems/Obstacles faced

The elaboration and implementation of the TEPs encountered a certain number of obstacles, amongst which:

- The initial divergences within the partnership;
- The lack of networking at EU level;
- The scarcity of resources allocated/ channelled through the TEPs as they were considered too little to resolve the problems of the areas under scrutiny.
- The lengthy financial procedures.

Sustainability, Mainstreaming and Multiplier effects

The sustainability of the TEPs depends on the capacity of the S.I.Ls to survive beyond the experiment, for instance as an agency for local sustainable development.

Within the framework of the Structural Funds programming for the 2000-06 period, some TEPs might take the form of the new Territorial Integrated Plan (PIT). This initiative will change the TEP procedure by attributing the management of funds to Regions, and as a consequence is a source of concern for local actors.

In spite of this, the local intermediary agency of the Calatino Sud Simeto TEP has presented a project within the framework of the PIT. The latter, based on the development of tourism, is entitled “The tourism economies” (*Le economie del turismo*) and aims at integrating the Local Action Plan, started within the TEP, to the new Pact for Agriculture and to the Urban II initiative.

Catania illustrates another example of mainstreaming in the Structural Funds Programming via the PITs. The municipality of Catania, together with other municipalities of the Province, has presented a PIT entitled “Catania città metropolitana. Dal sistema diffuso alla metropoli accogliente”. The PIT has so far passed the first regional selection. The final decision has still not been released.

SECTION 2: CASE STUDIES

METHODOLOGICAL INTRODUCTION

The analyses conducted below are based on interviews conducted on three territories, the Calatino Sud Simeto, Catania Zona Sud and Agro Nocerino Sarnese. The interviews were carried out with the Technical Directors of the S.I.Ls, the former Pact co-ordinators and their teams, and other partners (Municipality, Trade Unions, Associative and Private Sectors,...).

The information provided varies from one Pact to the other. For this reason, the case studies sometimes differ.

CASE STUDY 1: AGRO NOCERINO SARNESE

The interviews were carried out on 23 April 2002 in Rome and on 24 April 2002 in Nocera Inferiore.

BACKGROUND

Spatial Context

The Agro Nocerino Sarnese, situated in the plain of the Sarno river between Naples and Salerno, is an economically and geographically homogeneous area composed of eleven communes - Angri, Castel San Giorgio, Nocera Inferiore, Nocera Superiore, Pagani, Roccapiemonte, San Marzano sul Sarno, San Valentino Torio, Sant'Egidio del Monte Albino, Sarno, Scafati - all belonging to the province of Salerno.

It has a surface of 161 km² (i.e. 3,4% of the surface of the province of Salerno) and a population of about 252, 084 inhabitants (24% of the population of the province according to ISTAT data, 1991).

Because of the fertility of its soils, agriculture was once the driving force for the local market, in particular the cultivation of tomatoes. This paved the way for the emergence an industrial sector strongly based on food processing (tomatoes, pasta, bread, biscuits, mozzarella) and food processing-related activities.

Apart from the existing business base in the food sector, mainly small and medium enterprises, some of the area's defining characteristics at the start of the Pact (1998) were:

- high density of the population;
- no industrial zone;
- inadequate internal road infrastructures.

The latter two were, according to respondents, particularly problematic for local development.

Economic Characteristic of the Area (Dominant Problem in the Area)

Amongst the dominant problems in the area were: the progressive urban and environmental degradation (lack of sewage systems, river pollution, etc.), the failure of many industrial initiatives and the closure of foreign companies (MCM, ENI). Yet, the local view would appear to be that the absence of an industrial infrastructures was the defining problematic.

Labour Market Context

Regarding the issue of employment, the conditions of the labour market could be defined at the start of the Pact by a higher demand than supply. In detail:

- Unemployment rate was high: in 1996, it was at 55% (long term unemployment: 25%) (source: Liste di collocamento);
- Unemployment was particularly high for women and young people;
- Employment was short term and precarious.

Employment Policy and Intervention Context

There was no employment policy for the area at the time of the Pact. Neither was there a strategy/project for the territorial development of the area. Yet, the national government, under the CNEL (Comitato Nazionale per l'Economia ed il Lavoro), was considering the introduction of national employment schemes (Italian Pacts).

Strategic Fit

There was no tradition of co-operation between local actors prior to the Pact. In fact, the Pact was an experiment, a new institutional form of organisation and management applied to the territory, which because of its nature seemed more adequate to find solutions to local problems.

Application and Selection Procedure adopted by Member States

The idea of creating a programme for local development came from the national level, under the CNEL. The latter aimed at enabling economic development in selected areas.

Against this background, the Communes of Scafati, Angri, Nocera Inferiore and Sant' Egidio del Monte Albino, together with the trade unions CGIL, CISL, and UIL and the Associazione Nazionale Industriali delle Conserve Alimentari Vegetali proposed the concept of the Agro Nocerino Salerno Pact.

The Pact, which first aimed at the industrial restructuring of the area, was selected as one of 61 other national Italian territorial pacts.

At the beginning of 1997, the European Commission, at the suggestion of the Italian government, incorporated the Pact together with 9 other Italian pacts in a new Community pilot initiative, the Pact for Territorial Employment (TEP), to boost development and employment in 89 areas of the community.

The Agro Nocerino Sarnese TEP was redrafted to suit the Community lines of planning and implementing schemes for infrastructure, employment, economic and social matters.

It was also included like nine other Italian pacts in a special national financing programme (Programma Operativo Multiregionale - POM), as part of the QCS (Quadro Comunitario di Sostegno) 1994-1999 for local development in regions receiving Objective 1 assistance.

DIRECT OUTPUTS AND RESULTS OF THE TEP

Pact Mission

The Pact initial mission was clearly to give the area an industrial zone. Yet, the nature of the industrial sector – based on one specialisation sector – and the nature of the Community Programme forced local actors to broaden their objectives so as to include other matters, such as, for instance, measures to fight unemployment and urban degradation.

In providing support for defining local strategies, the Community technical assistance was essential. So was the Province of Salerno, which became the Pact institutional co-ordinator in 1997.

Extent to which the Pact has met the 4 broad Programme objectives

- Formal, broad based partnership: The idea of the Pact came from four Communes, namely the Communes of Scafati, Angri, Nocera Inferiore and Sant'Egidio del Monte Albino, from three trade unions, CGIL, CISL and UIL and from the National Food Packaging Association (Associazione Nazionale Industriali delle Conserve Alimentari Vegetali). Encouraged by the Province of Salerno and Community technical assistance, the partnership broadened so as to include approximately forty public and private local operators, the details of which were, at the start of the Pact (1998), as follows:

Regional and local authorities
Provincia di Salerno Comune di Angri Comune di Castel S. Giorgio Comune di Nocera Inferiore Comune di Nocera Superiore Comune di Pagani Comune di Roccapiemonte Comune di S. Egidio del Monte Albino Comune di S. Marzano sul Sarno Comune di S. Valentino Torio Comune di Sarno Comune di Scafati E.r.s.a.c.-Ente Regionale di Sviluppo Agricolo in Campania

Financial Institutions, Representatives of Small Businesses, Socio-Economic Organisations, Professional Organisations
<p>Artigiancassa Associazione Costruttori Salernitani Associazione degli Industriali della Provincia di Salerno Associazione Nazionale Industriali Conserve Alimentari Vegetali - Anicav Associazione Nazionale Artigiani e Piccole e Medie Imprese del Trasporto Merci Banca di Roma Banca Monte dei Paschi di Siena Banco di Napoli s.p.a. CaRiMe C.N.A. Provinciale Confederazione italiana agricoltori Consorzio per lo sviluppo dell'Agro GEPI S.p.A Lega delle Co-operative della Campania Parco Scientifico e Tecnologico di Salerno e delle aree interne della Campania</p>
Non profit organisations, Associations for the development of the territory, Community groups
<p>Arci Comitato Territoriale Associazione Legambiente Caritas Diocesana -Diocesi Nocera Sarno Fondazione Antonio Genovesi</p>

- Bottom-up approach: Co-operation and bottom up approach, in an area where local partnership did not exist, developed in the elaboration phase of the Plan of Action of the Pact, as early as 1996. Public and private partners were consulted in numerous occasions to identify their needs and find common solutions to complex territorial problems. Their ideas were, on the basis of feasibility studies conducted on the territory by external consultants, incorporated in the Plan of Action. The success of the bottom up method was such that the S.I.L., the local intermediary of the Pact, became (and still is) a meeting point where local actors gathered to find solutions to the problems of the area.
- Integrated strategy: The insertion of the Agro Nocerino Sarnese Territorial Pact in the Community Programme allowed a more global approach to territorial development. This is particularly true in relation to the regeneration of urban centres. Not only did the latter contribute to the regeneration of city centres, but it also encouraged the creation of new jobs and of social centres for families and young people in less favoured areas.
- Injection of innovation: Innovation mainly comes from the far reaching modification of local actors' mentality. For the first time, the various public and private partners collaborated to establish the priorities which had to be tackled on the territory. This approach was far reaching in the sense that it was fully integrated

by partners, thus creating a new form of governance where local actors started acting in partnership. The other innovative factors which were mentioned on several occasions are:

- the importance of timing, even if Community deadlines were often too close to one another especially so in the elaboration of the Plan of Action;
- the access to funding through public notices/invitations to tenders, animation measures and overall the transparency of the Pact interventions;
- the co-ordination work undertaken by the S.I.L which provided a platform for partners to meet but also linked various projects so as to maximise their impact on the territory;
- the direct contact between the S.I.L and the beneficiaries through animation measures, meetings, conferences, etc.

PACT'S SPECIFIC OBJECTIVES AND PROGRESS (RELEVANCE OF APPROACH TO LOCAL CONTEXT)

The Agro Territorial Pact, as published in the Plan of Action, sets out the following chief objectives:

√ Measure 1: Cities

This priority aims at revitalising the economic and social structures of the area's historical centres, at preventing social exclusion resulting from urban degradation, at managing brown fields and at enhancing transport infrastructures.

√ Measure 2: Environment and Cultural Heritage

This aim of this priority is to conserve the cultural assets of the area, in particular the assets of historical interest, to improve green areas and heighten public awareness of environmental risks (the area is subject to serious hydro geological risks) and matters.

√ Measure 3: Production Sector Development and New Employment Prospects

Apart from enhancing the non-profit and profit-making sectors, this priority aims at creating the infrastructures and space for economic activities to take place on the territory. It also aims at encouraging new forms of business initiatives and at supporting investments to small and medium enterprises, with a particular attention to the non-profit-making and co-operative sectors.

√ Measures 4: Research

This priority aims at raising awareness amongst local actors of the need to apply new technology instruments to the production sector with a view to ensuring sustainable development on the territory. It also aims at stimulating collaboration between the private and the research sector so as to develop new innovative measures and thus to remain competitive on the market.

√ Measure 5: Employment Policy

This measure aims at providing training in environmental matters for the local work force, at passing on knowledge on technical issues, at spreading the management and business culture, at promoting the training of managers and non-profit-making workers and at improving equal opportunities.

√ Measure 6: Agriculture

This measure aims at increasing the effectiveness and efficiency of the agricultural industry, at improving knowledge of new products and processes and at enhancing living and working conditions.

These measures were selected in line with partners' ideas, feasibility studies and external consultants' suggestions. Once defined on the basis of the reality of the territory and of the objectives set by the Community programme, the local partnership drew up several agreements (Protocollo d'intesa, Protocollo sociale, Protocollo sulle pari opportunità, Protocollo Ambientale, Protocollo sulla formazione del capitale umano, Protocollo su ricerca e sviluppo, etc.) to determine its role and function in the implementation of the Pact. The measures and the agreements were then incorporated in the Multi-Regional Operative Programme (POM) and, on 17 January 1998, the Board Committee of the future Pact met in Scafati to sign the Plan of Action. A few months later, on 28 July 1998, the S.I.L. was constituted, as a local intermediary subject, to ensure the well functioning of the Agro Nocerino Sarnese Pact.

INDIRECT OUTPUTS AND RESULTS RELATING TO EMPLOYMENT AND ECONOMIC DEVELOPMENT

Employability: The Agro Pact has funded 44 courses and trained a total of 827 young people (unemployed, with a high school diploma and graduates). This number includes 12,932 hours of classes, 651 hours of practice and 5,628 hours of actual training. The type of courses offered were:

- Formation of new professional figures of the environmental sector (in particular in the field of water and sewage treatment);
- Training courses assisted by researchers;
- Training for SMEs managers;
- Specialised training courses for the non-profit making workforce, initiatives aimed at improving social policy and equal opportunities.

The courses were financed by the ESF as follows:

Training Courses	E.U. Funding	Spent	%
Formation of new professional figures of the environmental sector	3.152.220.000	3.007.099.649	95%
Training courses assisted by	3.602.515.008	3.454.568.864	96%

researchers;			
Training for SMEs managers;	1.355.900.000	1.316.180.015	97%
Training courses for the non-profit making workforce, initiatives aimed at improving social policy and equal opportunities.	3.353.467.485	3.045.432.095	91%
	11.464.102.493	10.823.280.623	94%

Source: Ufficio Valutazione e Monitoraggio Patto Territoriale dell'Agro S.p.A, 31 December 2001.

Entrepreneurship: The Pact assistance has contributed to stimulate entrepreneurial activities by co-financing structural enlargement and financing the creation of new companies (profit and non-profit making). In more details, thanks to the TEP assistance (Community financing - ERDF):

- 4 handcraft shops were enlarged;
- 7 manufactures were refurbished, 23 were enlarged and 15 were created;
- 1 non-profit making was enlarged and 4 were created;
- 2 co-operatives were enlarged and one created.

Most importantly the TEP has allowed the creation of an Industrial Zone, in the “Fosse Imperatore” locality, which was, as mentioned before, the initial aim of the Pact before it became a Community Pact.

The increase in the number and size of businesses and non-profit making organisations contributed to the creation of new jobs. According the Pact, in the production sector (measure 3), 497 new jobs were created, amongst which 490 full time and 14 part time.

The Pact assistance for structural changes was financed by ERDF and has been spent as follows:

Funds	E.U. Funding	Spent	%
Incentives to SMEs	30.939.720.000	23.803.663.000	77%

Source: Ufficio Valutazione e Monitoraggio Patto Territoriale dell'Agro S.p.A, 31 December 2001.

Adaptability: Evidence of adaptability can be found in activities of research and specialised training, especially so in the field of agriculture. The creation of a laboratory aimed at improving and ensuring the competitiveness of the San Marzano Dop tomatoes, the basis of the local food processing sector in the area, is an example of the measures taken to reduce business failure and encourage innovation. The above mentioned specialised training for SMEs managers is another example of adaptability measures supported by the TEP.

The following table illustrates the funds (EAGGF) allocated to projects enhancing adaptability in the Agriculture (measure 6). It also illustrates the level of expenditures reached.

Funds	E.U. Funding	Spent	%
Interventions to promote the cultivation of the San Marzano Tomatoes	1.557.000.000	1.277.127.863	82%

Interventions to rationalise and regenerate the existing business base	2.915.530.252	2.650.556.295	91%
	4.492.530.252	3.927.684.158	88%

Source: Ufficio Valutazione e Monitoraggio Patto Territoriale dell'Agro S.p.A, 31 December 2001.

The above mentioned interventions involved activities of promotion, research, advertising, and of participation to fairs and festivals and market studies.

Equal Opportunity: Evidence of activities directed at gender equality can be found in the training course in favour of social policy and equal opportunities. It is not possible to draw other conclusions, as quantitative data are missing.

Removing barriers for target groups: The Agro Nocerino Pact put a great emphasis on improving information using animation. This primarily stemmed from the presence of Community deadlines and the lack of time to meet the latter. The Pact had, therefore, to inform local actors about invitation to tender as swiftly as possible. To this aim, the Pact developed new approaches to communication in line with the Plan of Communication requested by Community Regulation 1159/2000. Vectors for the dissemination of information were:

- Conferences;
- Internet web-site;
- Publication, flyers, brochures...;
- Regional TV channel (RAI 3);
- Direct marketing with beneficiaries;
- Fairs and events.

The groups targeted were: the potential beneficiaries, partners, media, opinion groups and citizens.

The high level of participation to the invitations to tender shows that information was reaching the groups targeted.

New sources of jobs: In terms of new sources of jobs, the main innovation stemmed from the regeneration of urban centres and the subsequent creation of handcraft shops and of social centres for disadvantaged groups (family and young people).

Through the Italian tailored method of 'prestito d'onore', the Pact financed the creation of 84 shops, amongst which 45 handcraft shops and 39 commercial shops for a total amount of 3,525,986,161 € (payments amounted in December 2001 to 3,024,628,731€, i.e. 86% of the funding). This gave way to the creation of 100 full time jobs (53 occupied by men and 47 by women).

The funding of the 13 social centres followed a different procedure. First of all, the social centres were not selected in line with Community procedures. Instead, it was agreed that each commune would open a social centre for disadvantaged category. To this effect, the Pact gave the following funding (ERDF):

Funding	EU funds	Co-funding (local authorities)	Total	Spent	%
Creation of social centres with supply of services for families and under-18 people from less favoured urban areas	5,698,156,579	2,907,190,626	8,605,347,205	6,989,369,604	80%

Source: Ufficio Valutazi1 e Monitoraggio Patto Territoriale dell'Agro S.p.A, 31 December 2001.

Job Creation: The implementation of the plan allowed the creation of some 750 new jobs (31 December 2001). Interviewees estimate this number at 1300 jobs to this date, a number that exceeds the initial forecasts of 616 jobs. It is estimated that some further 500 jobs will be created in the future as a consequence of the Pact action on the territory. The incidence of the creation of social centres on new employment has not been yet evaluated. Social centres which have become non-profit organisations are indeed a new source of potential jobs.

Monitoring and Evaluation: The task of monitoring was attributed to the S.I.L, the local intermediary subject. Within the S.I.L, which is made up of four departments (the Secretariat, the Financial office, the Monitoring Office and the Administrative Office), it is the Administrative Section which was entrusted with the task of monitoring the implementation of projects.

The monitoring procedures are ensured through:

- A system of archives: each project proposal is given a number on reception and follows a specific set of procedures which can be traced back thanks to archives;
- An IT system which enables to follow the state of advancement of each single project;
- Monitoring financial and progress indicators.

The monitoring procedures follow the Community guidelines, in particular the Community Regulations 1260/1999 and 438/2001.

The evaluation system is conducted by an independent evaluation society which has followed the Pact since the beginning.

As means of evaluation, the Pact is also in direct contact with beneficiaries through interviews. This enables the evaluation of the financial advancement of each project and also the publicity of new initiatives.

The Pact has also established a system of self-evaluation which it carries out through staff meetings. This allows to verify the state of financial advancements of the Community and State funds.

ADDITIONAL BENEFIT OF THE TEP

The Pact has met the objectives it aimed to achieve. Yet, there is still much more to do in terms of employment and territorial development in the area.

The Pact structure, i.e. the S.I.L., has so far survived the end of the Community Pact and is still active on the territory encouraging local initiatives such as:

- The creation of AgrOccupazione, a private job centre, whose aim is to match the Demand and Supply for Labour in the area;
- The elaboration of the ‘Piano di Zona dei Servizi Sociali e Socio-sanitari’, a Plan for the supply of services to disadvantaged groups, born out of the ‘Protocollo Sociale’ included in the Plan of Action.

The Pact has also contributed to the creation of AgroInvest in 1999, at the suggestion of the Pact Meeting Board. AgroInvest is a society for urban regeneration, whose activities foresee, amongst other things, the creation of two new Industrial Zones.

On 24 May 1999, the Pact has been entrusted by the now 12 Communes partners with the task of ensuring a help desk function (‘Sportello Unico’) to assist local initiatives in the region.

This function will contribute to consolidate a local partnership whose number has grown to 78 in a few years and whose nature is still broad-based (associative sector; training bodies; private companies; local authorities; social partners; trade unions, etc.).

Overall, the experience of the Community Pact has had unexpected results in the area. The bottom-up approach and the co-operation between partners continue even after the end of the Pact. This is a surprise in an area where partnership did not exist before the creation of the Pact and where local conflicts prevented any kind of common action.

This is also a surprise, as the methodology integrated by the various partners is European in nature and not local. Consequently, the Pact, thanks to the activities of S.I.L., has managed to give a European dimension to the local context. This is also illustrated in the celebration of Schuman day, on 9 May, by the Pact.

MANAGEMENT OF THE PACT

Efficiency of Managers

There has been several pact co-ordinators, two of whom were interviewed for this report. They view the strengths of the Pact in the implementing and managing phase as being:

- The cohesion of the partnership;
- Social cohesion in general;
- The Community deadlines as an incentive to complete projects.

As for the weaknesses, they expressed the view that:

- Procedures were cumbersome.

Beneficiaries interviewed expressed the view that financial resources had been insufficient and that the Community payment procedures were lengthy and time-consuming.

Attitudes of other actors/agencies towards the Pact

Contacts between the area and the national government (Ministero dell'Economia e delle Finanze), which manages the programming, were frequent, although at times very formal.

Contacts between the area and the Province were also frequent, even more so when the latter became the institutional co-ordinator in 1997 following the destitution of the Commune of Nocera Inferiore.

The Province was particularly active in promoting consultation in the elaboration phase and in setting up the already mentioned social agreement, 'Protocollo Sociale'.

Overall, the different levels of the Italian political system (national, provincial and local) had a supportive stance toward the Pact.

At the local level, the supportive stance was demonstrated through the constitution of a partnership between local actors with different political points of view.

Support from Commission Rapporteurs

The support of the Commission seems to have been essential at the beginning of the Pact; especially so in the preparation of the Plan of Action.

Overall Assessment

The Agro Pact is an example of positive Pact experience. The only obstacle mentioned was that of financial procedures which were time consuming and prevented the quick disbursement of funds.

As for the cultural, administrative, political and technical matters, they were overcome thanks to the activities of the S.I.L. By fostering a culture of collaboration and efficiency, the S.I.L. managed to overcome potential political conflicts and to install a climate of trust between the partnership and the local, provincial and national authorities.

Human Resources

There was initially few people working on the Pact: two in charge of the technical co-ordination and 1 of partnership organisation.

The Pact grew to now include some 19 staff members. Its structure has also evolved. As mentioned above it is now made up of four departments (the Secretariate, the Financial office, the Monitoring Office and the Administrative Office), each with a specific function.

The peculiarity of the S.I.L is the emphasis which it puts on communication. Although it follows the EC Regulation 1159/2000, as requested, the Pact is really committed to animation and communication actions, without which it believes its success would have been lesser.

Financial Resources levered in

The TEP has received the following E.U. and national funds:

ERDF	ESF	EAGGF	Total EU	National funds L.183/87	Total MOP	Additional national programme L.208/98	Total
13.605.000	2.470.000	1.250.000	17.325.000	17.087.946,13	34.412.946,13	16.842.434,16	51.255.380,30

Source: Ministry of the Economy and Finance, 31 December 2001

The TEP spent the following E.U. and national funds:

ERDF	ESF	EAGGF	Total EU	National funds L.183/87	Total MOP	Additional national programme L.208/98	Total
13.605.000	2.468.845	1.217.088	17.290.933	16.756.055	34.046.988	4.896.551	38.943.539

Source: Ministry of the Economy and Finance, 31 December 2001

To receive the funds, the S.I.L has opened two bank accounts: one for the funding coming from the Multi regional Operative Programme (POM) and the Community, and one for the funding coming from the Additional State Programme funding.

The distribution of funds per nature of funds and measure was organised as follows:

1st account: POM

Bank account number	Measures	Type of funds
27/5620	Measure 1	ERDF + State
27/5621	Measure 2	ERDF + State
27/5622	Measure 3	ERDF + State
27/5623	Measure 4	ERDF + State
27/5624	Measure 5	ERDF + State
27/5625	Measure 6	EAGGF + State
27/5626	Measure 7	ERDF + State

2nd account: Additional Programme

Bank Account Number	Measures	Type of Funds
27/5807	Measure 1	State
27/5808	Measure 2	State
27/5809	Measure 3	State
27/5810	Measure 4	State

27/5812	Measure 5	State
27/5813	Measure 6	State

DISSEMINATION AND NETWORK ACTIVITIES

Dissemination

As mentioned, the Pact put a particular emphasis in conducting dissemination activities. The latter were carried out, in accordance with the Communication Plan requested by EC Regulation, through:

- Internet web-site, whose frequentation reaches some 1,200/1,300 visitors every couple of weeks;
- Direct interviews to monitor activities but also to inform beneficiaries;
- Letters and other publications;
- TV regional channel;
- Events (fairs, conferences, etc.).

The evidence of the impact of the adopted dissemination measures is the increase of the partners and the in general the success of the Pact on the territory.

Links to other Pacts

The Pact co-ordinates with the other national pacts on a regular basis through monthly meetings organised by the national technical co-ordination, at the initiative of the Ministry of the Economy and Finance.

MAINSTREAM

The Pact Partnership and structure is currently fully active on the area. The Pact, whose aim is to become a local agency for sustainable development in the area, was able to place its actions within the framework of the new Community programme for the period 2000-2006.

In parallel, the Ministry of the Economy and Finance has established a new programming instrument to allow the ten Community Pact to consolidate the experience they have acquired on the territory. In particular, the objectives are to:

- To maximise the collaboration between the different political levels (local, regional, provincial and national);
- To maximise the principle of local governance by consolidating and institutionalising local partnerships and the role of the S.I.L;
- To maximise employment policy.

This allows the Agro Pact to spend the remaining 16 billions of lire State Funding (€ 8.263.310,39 which are still on the Additional Programme Account) (allocated under the CIPE Delibera 71/98 of 9 July 1998) until 31 December 2004.

ASSESSMENT OF THE OVERALL ADDED VALUE OF THE PACT

<p>Contribution to achieving Community priorities</p>	<p>The Pact came about at a moment where there was no programming instruments for the Mezzogiorno. The resources of the 1994-1999 national ‘Quadro Comunitari di Sostegno’ had not been used and there was no plan of economic and social development in the region (Campanie). The unemployment rate was high, especially amongst women and young people and the traditional business base did not seem to offer new employment opportunities. Against this background, the Province (Salerno) started to define areas of economic and geographical homogeneity in order to address the problems of the territory on a small scale basis (the Province of Salerno is particularly extended). In parallel, four Communes of the future Agro Pact together with other partners started meeting with a view to apply to the Italian national territorial Pacts, which the government was conceiving. The partnership gradually grew and drew up a Plan of Action, signed on 17 January 1998, which aimed at tackling the economic, social, territorial development of the area through a series of criteria defined by the Community. To this day, the Pact has enabled the creation of <u>more than 1300 new jobs</u>, a number well above the initial forecast. This number will surely increase in the coming months, for some actions are still in the making or not evaluated yet. This is the case of the social centres, which have become non-profit making organisations, and are as such a new source of employment. <u>Specific training actions, research in the food processing sector to make the tomato product more competitive, urban regeneration and the creation of an industrial zone</u> will certainly have positive impact on the sustainable development of the territory in the long run. The Agro pact seems to be a national success judging from the vitality of the partnership - partners from various background participated (and still do) in the Pact. Yet, there are still a lot of efforts to make on the Agro Nocerino Sarnese territory.</p>
<p>Methods of implementation</p>	<p>The responsibility of implementing the Community Pact was given to the Local Intermediary subject, the S.I.L., on 28 July 1998. The S.I.L. was particularly active in promoting the Pact actions through invitations to tenders and a well defined communication strategy. Because it provided a platform for partners to meet, the S.I.L. contributed to <u>link projects together</u>. The Pact also succeeded, through the regeneration of urban centres, in creating <u>new source of employment</u> (for instance in the</p>

	field of handcraft and commercial shops) and in tackling social problems and non-profit employment in establishing social centres. This experimentation, <u>more global in scope</u> , showed that economic and social development are often related.
Financial dimension	The Agro Pact has spent <u>100 %</u> of the Community funds, which it was allocated with <u>EAGGF, ERDF, ESF</u> . This was done thanks to a system (so called ‘overbooking’ system) which consisted of opening two bank accounts, one with the Structural Funds and one with the funds of the Additional Programme. All completed projects would receive payments coming from the Structural Funds bank account to ensure the dissemination of the funds in due time. The Pact also established a series of incentives to encourage beneficiaries to spend quickly. In addition to the funds allocated to the Pact, the latter has received some 8 billions € additional funding from the private and public sector. Finally, the Ministero dell’Economia e delle Finanze has allowed the Pact to spend the remaining funds (allocated under the CIPE Delibera 71/98 of 9 July 1998) for the pursuit of its actions until 31 December 2004 and the Pact was able to place its actions within the new Structural funds Programming for 2000-2006.
Networking/dissemination activities	<p>The Agro Pact liaised mostly with other national pacts in monthly meetings organised by the Ministero dell’Economia e delle Finanze.</p> <p>The main dissemination activities, organised by the S.I.L., took the form S.I.L.of:</p> <ul style="list-style-type: none"> Direct contact with beneficiaries and partners; Information via Internet (www.pattocomunitarioagro.it); Publications; Events, conferences and meetings; Publication of periodical reports on activities; TV regional channel (RAI 3); <p>In general, transparency of all activities taken within the S.I.L.</p> <p>The most important result of such activities were the high participation to invitations to tender, the increase in the number of partners, the consolidation of the partnership and development of a new institutional system of governance.</p>

LESSONS

The aspects of the Agro pact which worked particularly well are:

- Consultation Method between partners from different political views which never used to collaborate;
- Constitution and consolidation of a broad based Partnership;

- Management Activities conducted by the S.I.L;
- Integrated approach to the territory through the experience of urban regeneration and the creation of new jobs and of social centres;
- Transparency of the interventions;
- Integration of a European Dimension in the methodology (timing,...);
- Leverage of additional resources.

Aspect of the Pact which did not work well:

- Financial payments took time;
- Resources allocated were too few.

CASE STUDY 2: CALATINO SUD SIMETO

The interviews were carried out between 17th and 18th of April 2002 in Caltagirone.

BACKGROUND OF THE PACT

The Calatino Sud Simeto area is situated in south-east Sicily. It comprises a population of approximately 150.000 inhabitants distributed in 15 Municipalities, all belonging to the Province of Catania. Most of these cities are famous and old medieval towns, like Piazza Armerina, Mineo and Caltagirone. The area amounts to a total of 1.551 Km².

	TEP	% on region	Sicily
Population	151.971	3,12	4.963.860
Area Sq.	1.551,82	6,1	28.840
Municipalities	15		
Density inhabited/Km sq.	98		

Source: ISTAT - 13° census (1991)

It is a mainly hilly area, without any coastal outlet, characterised by the presence of an important urban centre (Caltagirone) and with a prevalence of agricultural activities: famous are the blood oranges from Palagonia and the prickly pears from Militello.

The transport network feels the polarising effect of the city of Catania, the most important centre of eastern Sicily. The highway Palermo-Catania and the state road Catania-Gela are the main road connections. The only railway line is the Catania-Gela.

On social and economical level, the Calatino Sud Simeto is a typical area of southern Italy: it remained out of the great development and changes which characterised the Italian and European history of last decades and represented a basin of emigration where the phenomenon of “organised criminality” (the so-called *Sicilian Mafia*) took place.

Consequently, despite the great potentialities of its internal cultural resources, the Calatino Sud Simeto area was not able to start up an endogenous and autonomous process of development and remained an area characterised by too low levels of active population (only 30% of the resident population) and too high levels of unemployment and illiterates (27,9% in 1991).

This situation was particularly visible in the main productive sector of the area: the agricultural production was characterised principally by the incapacity of deriving benefits from the quality of its products due to the technological backwardness of the equipment and the lack of connection between the different levels of production. Moreover, there was a lack on know-how in management and marketing. The same situation regarded the manufacturing and craft sector.

As a consequence, the products of the area, even if of the highest quality, were restricted to the local market and found many difficulties and barriers in being presented at national level and abroad.

The area has always been characterised also by a great potential for tourism, thanks to the Sicilian Baroque and the presence of important historic centres, and by manufacturing and craft activities. In particular, the ceramics of Caltagirone and the lacework of Mirabella are some of the most important examples of traditional craft work, famous also abroad.

According to information presented within the “Multiregional Operative Programme Objective 1 Italy – Territorial Employment Pacts” and with the interviews realised on site, the occupational conditions within the Calatino Sud Simeto area were principally concentrated in the tertiary sector (at the end of the 1980s there were not relevant productive activities and firms. The ceramic manufacturing sector was limited to 50 small craftsman’s studios) and could be synthesised in three points:

1. Very limited regular employment, concentrated in the tertiary sector (local administration, school, sanity, etc.)
2. Very high diffusion of non regular and not guaranteed employment, in particular in the agricultural, craft, building and retail sectors.
3. Very limited possibilities for new graduated to work in the area, with the consequent development of emigration.

Below are some tables about the working conditions in 1991

Active population				
Volume	<i>Agriculture</i>	<i>Industry</i>	<i>Services</i>	<i>Total</i>
TEP Area	14.583	11.063	24.641	50.288
Region	230.831	338.144	843.453	1.412.428
%				
TEP Area	29	22	49	100
Region	16,3	23,9	59,7	100

Source: ISTAT - 13° census (1991)

Unemployed (%)	
TEP Area	38,83
Region	35,84

Source: ISTAT - 13° census (1991)

DIRECT OUTPUTS AND RESULTS OF THE TEP

The general mission of the Pact was to create local development and employment through the valorisation of the local economic, cultural and human resources. The interviews revealed how difficult the situation was during the 1990s in a territory which was completely cut out from the national and regional productive system.

In order to create more favourable conditions to local development, a project of territorial development was organised around the elements of strength individuated in the territory. The main objectives of the project revolved around:

- The Exploitation of agriculture and agro-industry;
- The Valorisation of the cultural and environmental heritage with a view to re-launching of the tourist sector;
- The Support for small and medium-sized enterprises.

Furthermore, the need to involve all the local forces so as to form a strong partnership and develop an innovative and successful plan of action pushed local actors into participating to the initiative.

Bottom-up approach

As already underlined, the idea of utilising the “Pact opportunity” came from the need to develop and improve a more integrated plan of action which involved all the municipalities and social actors of the area.

The Municipality of Caltagirone promoted this possibility among a partnership, which had already been established within the framework of the Leader II initiative, and broadened it up to other social and economic actors.

The adhesion of the local stakeholders led to the establishment of the Integrated Development Agency (S.I.L), which constituted a referring point for local entrepreneurs and was the unique responsible body for the implementation of the Pact.

Partnership

The partnership was created in the first half of the 1990s under the initiative of the Mayor of Caltagirone in order to answer a specific need: that of disseminating and spreading the “business culture” within the area, thus valorising the local human, cultural and economical heritage.

According to the interview with the Mayor of Caltagirone, the partnership followed a sort of “natural course”, which started from the dramatic unemployment situation which badly affected all the 15 municipalities of Calatino Sud Simeto.

The partnership, under the Integrated Development Agency, was composed of the 15 town councils of the area, professional associations, entrepreneurial and intellectual forces which co-operated together in the joint planning of all the programmes for which the Calatino Sud Simeto obtained funds. In a second time the partnership extended to social actors, non profit organisations and associations, financial institutions, the consortium Industrial Development Area of Caltagirone, the National League of Co-operative and mutual aid associations, the National Confederation of Farmers, the Association of Olive Producers, the Young Entrepreneurs’ Movement, the Agricultural Development Agency, the Experimental Centre

for Wheat Growing, the Local Tourist Board and the provincial API (Association of Industrial Producers). It included about 60 institutions.

Integrated Strategy

Due to the severe and critical situation which affected the territory, the 15 municipalities of the area decided to design an integrated plan of territorial development to be implemented using more than one single instrument. The latter were linked to the specific objectives of the plan and to the opportunities which turned up. It was defined by the Mayor of Caltagirone as a “comprehensive strategy to be realised as a puzzle”, as all its parts could be implemented separately through the various financial instruments. Yet, all the parts formed a unique project of development.

The first instrument adopted, to this effect, was the Leader II initiative. Other financial instruments were adopted, such as Urban, the Specialised Agreement for Agriculture, PRUSST (Programmes of Urban Re-qualification and Sustainable Development of the Territory, financed by the Ministry of Public Works, now Ministry of Infrastructures and Transports) and the activation of a one-Stop Business Centre, etc.

The Territorial Employment Pact was one of the instruments utilised in the construction of the puzzle.

Injection of Innovation

The most relevant innovative factor, which emerged during the implementation of the Pact, was the partnership. The idea of putting different actors and social and economic forces around a table and jointly planning the objectives and the actions to perform was a real innovative element. Furthermore, all the actors involved were pushed by a strong will, that of carrying out an action for the development of the territory.

Another relevant element was the relationship between all the Italian TEPs. According to the interviews conducted, the periodical meetings organised by the Technical Assistance within the Ministry of Economy offered them the possibility to meet each other and to exchange information, good practice, documents and innovative solutions to their own specific territorial problems. All the items of information were disseminated. This allowed the resolution of many problems, especially with the banks or with filling in specific documents.

A third element of innovation lied in the methodology. The Pact represented a new way of facing problems and planning actions. The co-ordination among all the partners involved was managed by the Integrated Development Agency, which was both the programming and managing body of the Pact. It was the unique subject responsible of the planning, programming and monitoring of the Pact. This represented a very innovative factor in the Sicilian context: for the first time there was a unique subject responsible for territorial actions.

Direct outputs

one of the most important direct outputs achieved by the Pact was the trust of entrepreneurs in the institutions. The good management of the Pact and, in particular, the respect of deadlines and procedures for the resources allocation created an atmosphere of great trust in the work of the partnership. This represented a great change compared with the conditions of

the first half of the 1990s, where the entrepreneurs felt themselves completely abandoned by the state institutions, especially at the local level.

Secondly, the Pact financed only those projects which respected the guidelines and responded to territory needs. As a consequence, the entrepreneurs interested in the programme received the funds only if their project respected the conditions pointed out by the partnership in order to develop the value added of the territory: transformation, commercialisation and marketing of products in the agriculture and manufacturing sector, creation of links with tour-operators, recovery of old historical centres and specific training in the tourist sector. In other words, the private sector was “constricted” to follow the guidelines fixed by the public sector, giving the partnership its real value.

This was possible also thanks to the weakness of the private sector at the local level. The partnership did not encounter obstacles which stopped the process.

Finally, another interesting result to be underlined is the limited number of unsuccessful (uncompleted) projects financed (93 finished on a total of 117 at the 31st of December 2001). This indicates the high quality and validity of the proposals supported.

Concerning employment, on the 31st of December 2001 the monitoring data relating to the 93 projects already finished indicate that more than 66% of the firms which received the funds started to employ personnel. In particular, 291 new jobs were created, of which 87 for women. The number represents 35,4% of the 822 new jobs foreseen. New recruitment should take place (152 employees) within 2002 and (206 employees) within 2003.

Of interest, is the result in terms of contractual forms chosen by the new employees: more than 82% chose the open-ended contract, while others utilised the “apprenticeship’s contract” or the “training contract”.

PACTS OBJECTIVES AND PROGRESS

The first step undertaken was the definition of the objectives through a preliminary study which underlined the points of strengths and weaknesses of the territory. According to this study, and following some preliminary meetings, it was possible to verify the strong differences between the area of Caltagirone, considered more “culturally and economically developed” than other areas and small towns and the rest of the territory. As a consequence, the first general objective individuated regarded the transformation of the territory in a more homogeneous, uniform and integrated area.

The specific objectives of the Pact were chosen taking into account the specific needs of the territory and concentrated on 6 measures:

- **Agriculture** – The territorial analysis underlined that the territory has a productive vocation in farming, especially in the sectors of high quality fruit and vegetable production, sheep and goat breeding and olive production. At the same time, it showed a lack of structures for raw material processing, warehousing and transformation. The projects financed by the Pact in this sector aimed at encouraging the realisation of such structures.
- **Tourism** – The interventions aimed at overcoming the points of weakness which characterised the sector, ranging from infrastructure deficiencies to insufficient

promotion. In particular, the projects financed aimed at the re-qualification of the existing tourist centres and creating new accommodation facilities through the recovering or rural buildings, the creation of a multimedia guide and the supply of services and the promotion of local typical products.

- **Environment** – The interventions foreseen within the measure aimed at the adoption of innovative systems for the treatment and re-utilisation of agricultural waste water and at the realisation of an integrated system of waste collection and treatment in line with regional and local regulations. These interventions were planned to support those municipalities where already existed infrastructures for the environment and where addressed to those SMEs involved in the collection, treatment and recovery of solid urban waste.
- **Productive activities** – As the Calatino Sud Simeto area is characterised by small workshops and firms active in producing farming implements, artistic ceramics, wood furnishings and clothing, the interventions were oriented at improving the adaptation of both new infrastructures and existing structures for the commercialisation of their products on a global market.
- **Human resources** – In this sector, the actions adopted aimed at qualifying the human resources for those areas lacking of specialised personnel. In particular, the objectives foreseen were: retraining of the technical personnel responsible for the technological infrastructures within the territory; job creation in the environmental and cultural heritage conservation sectors; training of specialised professionals in the tourist promotion and marketing; training of personnel in the utilisation of new innovative productive technologies.
- **Improving employment conditions and developing productive activities** – The actions under this measure aimed at favouring alternative ways of offering services in sectors of collective interest, particularly in the social welfare, paramedical, arts and leisure sectors.

INDIRECT OUTPUTS AND RESULTS RELATING TO EMPLOYMENT AND ECONOMIC DEVELOPMENT

It is not simple to individuate at the moment the results relating to employment and economic development of the area. The Pact was officially completed on 31st of December 2001 and the results will be visible during the course of 2002 and 2003.

On the whole, the general indirect outputs are very positive. The Pact contributed to the diffusion of a “business culture” which was individuated as one of the most serious problems linked to local development. The activity carried out by the Integrated Development Agency was really important as it managed more instruments together, offering to local entrepreneurs the possibility to choose the financial tool which better answered to their specific needs.

According to the interviews with the Agency, the number of entrepreneurs which asked for information on how to finance a project increased enormously during the last two years. This is another significant result for Sicily, as since the mid 1990s the concept of entrepreneurship was considered as a alternative to a permanent job. This result could be considered also from the point of view of equal opportunities. Many new firms are managed by women, especially in the associative sector and in social services.

At the moment, the most interesting output is the “Sportello Infopoint Impresa”, a kind of one-Stop Business Centre, realised under the measure 1.6 of the Leader II initiative, which assists local craftsmen in developing and valorising their activities.

The same Agency monitored the performance of the projects during their implementation. All the data were periodically sent to the Ministry of Economy and Finance. At the moment the figures relating to the 31st of March 2002 are not available.

ADDITIONAL BENEFITS OF THE TEP

The Pact had a general effect on the Calatino Sud Simeto territory. As above mentioned, the diffusion of an entrepreneur culture and the new trust of entrepreneurs in public administration are the most important benefits obtained. But once again we have to remember that these results have been reached thanks to the realisation of an integrated strategy which, besides the Territorial Employment Pact, included also other national and community instruments. Many entrepreneurs, for example, utilised the Pact support to improve their production with new technologically advanced machines or to improve a tourist structure by restructuring an old edifice or by building tourist facilities like new restaurant, conference rooms, recreating areas or by protecting the surrounding environment. The results of such actions will probably not be visible before the end of the year.

Furthermore, the Agency supported the Municipalities of Agrigento and Paternò with consulting services for the implementation of their programmes of development.

MANAGEMENT OF THE PACTS

The Pact has been implemented through the activity of the Agenzia di Sviluppo Integrato (ASI) –Integrated Development Agency – a mixed public and private company formed in 1998 by the Municipalities of the area, economic public institutions and some representatives of the economic and social associations. The agency was constituted as an instrument able to co-ordinate and manage the activities proposed and approved by the partnership and to disseminate the results obtained.

Within the partnership, 3 different thematic round tables were created (tourism, agriculture and handicrafts) in order to involve all the actors in their sectors of activity and to offer specific inputs to the general meetings of the partnership: these thematic tables were operative since the start of the programme, and contributed to the realisation of all the actions foreseen, from the identification of needs to the definition and implementation of the Action Plan, the monitoring of the activities, and the evaluation and review of the Action Plan.

As previously mentioned, the Agency played a central and decisive role for the success of the Pact. This strong position produced both positive and negative effects. From one side, acting as the prime mover of the activities and as the bonding agent among all the stakeholders involved enabled the accomplishment of the Pact. On the other side, two “non-positive effects” could be individuated: first of all, some minor stakeholders underlined their marginal position within the partnership by a decisional and managerial level. In some cases, in fact, they were invited to the meetings only to approve decisions already adopted and, in a certain way, were forced to accept them. Anyway, this critique should absolutely not be considered

as attack of bad management to the Pact. The same stakeholders which underlined this fact had to admit that in some cases, due to the very restricted time and close deadlines, this was the only solution to approve a project or allocate the financial resources, and had a very positive idea of the Agency's activity as a whole.

The other non positive effect regards the Agency more directly. It will continue to operate on the territory after the conclusion of the Pact but, as a consequence of the new political changes which interested the regional and national government and, by next months, the same Municipality of Caltagirone, its role will be limited. In other words, the double function of planning and managing any action will be splitted. For example, the call for proposals relating to the Territorial Integrated Plan (PIT) foreseen within the Regional Operative Programme 2000/2006 will be managed centrally. Consequently, there is a strong worry as at the moment it is not clear who will be the final responsible of the implementation of the new actions.

Concerning the Commission support, the meetings organised among the EU Pact representatives were considered as an important moment to exchange information, verify the general level of implementation of the actions and find, when necessary, solutions starting from other experiences.

An important support was given also by the Ministry of Economy and Finance, which was the unique referring point at the national level. The organisation of periodical meetings among the Pact responsible was considered a significant and essential element for the TEPs implementation.

Human resources:

The human resources were selected among the local population through very selective procedures in order to involve local actors as well as to valorise and motivate them.

The Agency is formed by 15 people who work on all the activities followed by the same agency.

Financial resources:

At the end of 2001 the 80,47% of the all the resources allocated, both national and community, were spent. Regarding the community funds, 98,3% was spent.

Concerning national funds, besides the resources allocated through Law 183/87, an Additional Programme foresaw the increase of national co-financing through Law 208/98 funds. On last 4th of March 2002, the Ministry of Economy and Finance extended to the 31st of December 2002 the deadline for the implementation of projects activated with national funds.

Considering the positive results obtained by the MOP, the Ministry of Economy and Finance defined, according with the indications of the CIPE (Inter-ministerial Committee for the Economical Programming), a new programme for the 10 Italian TEPs in order to valorise and consolidate their activities until the 31st December 2004.

The TEP has received the following E.U. and national funds:

ERDF	ESF	EAGGF	Total EU	National funds L.183/87	Total MOP	Additional national programme L.208/98	Total
12.584.000	1.300.000	3.428.000	17.312.000	17.367.151,41	34.679.151,41	16.584.154,07	51.263.305,48

Source: Ministry of the Economy and Finance, 31 December 2001

The TEP spent the following E.U. and national funds:

ERDF	ESF	EAGGF	Total EU	National funds L.183/87	Total MOP	Additional national programme L.208/98	Total
12.584.000	1.096.207,5	3.428.000	17.108.207,5	17.129.698,82	34.237.906,33	7.015.519,39	41.253.425,73

Source: Ministry of the Economy and Finance

DISSEMINATION AND NETWORKING ACTIVITIES

The Internet web-site was presented as one of the most important tool for disseminating information about the TEP. In reality there are two sites about the TEP. The first one (<http://www.press.sicilia.it/ptocalatino/home.htm>) is very limited to basic information and most of the pages (the territory, the partnership, the Local Action Plan) at the moment could not be visited. The other one (<http://www.kalat.net/default.htm>) is the Integrated Development Agency web-site and present a fair number of information and links with other activities and initiatives (Leader II, Urban II) and an interesting section dedicated to all other Sicilian Pacts.

Other activities regarded the direct involvement of schools and, in particular, the participation in fairs and exhibitions to present the results and some local products. More specifically, the agency was responsible of the marketing activities, from the promotion of information to the gathering of materials and products to present and the organisation of conferences. The tools utilised were principally press releases on local and regional newspapers, advertising on television and radio stations and the Internet web-site.

The associations which subscribed the Pact contributed to the publicity of the tenders directly providing information to their members. Moreover, a help desk service, addressed to the potential beneficiaries, was held by the Agency as long as the tenders were open.

It is interesting to underline that the activities of dissemination were planned only at general level on the Local Action Plan and that the specific marketing activities were decided step by step according with the specific objectives foreseen and the results obtained. In other words, each time there was a need to advertise a new initiative or to diffuse a new tender opportunity, the partnership adopted the most suitable tool in order to reach the highest number of potential entrepreneurs.

According with the interviews carried out, this strategy had very positive effects as in few months all the Calatino Sud Simeto population answered to the TEP initiatives.

MAINSTREAMING

Considering the specific characteristics of the territory, the Pact is strictly linked with the Leader II programme and the Pact for Agriculture in the agricultural sector and with the Urban II programme in the tourist sector. This specific characteristic of the Pact, considered

as an action for the “integrated development of the territory” had a great success and, according to the interviews, should represent a model for future development programmes.

Within the new programming period, the Territorial Integrated Plan (PIT) represents the new instrument foreseen by the Regional Operative Programme 2000/2006 to achieve the integrated development of the territory. Anyway, the decision to manage the new interventions at regional level created many doubts on this new tool, and the political changes at regional and national level increased this opinion among almost all the TEP stakeholders.

Despite this situation, the Agency proposed a PIT based on the tourism development entitled “The tourism economies” (*Le economie del turismo*) with the aim of integrating the Local Action Plan started with the TEP with the new Pact for Agriculture and Urban II initiatives.

ASSESSMENT OF OVERALL ADDED VALUE OF THE TEP

In the previous chapters analyse the different aspects of the Pact: each section focuses on a single element (the background, the objectives, etc.) of the analysis. This section sums up the key points highlighted in the evaluation in order to give a clear vision of the overall added value of the TEP. In particular, he will show the benefits of the TEP instrument as opposed to other funding schemes with regard to the four main issues described below.

Contribution to achieving Community priorities	<p>The Pact was launched in a phase of dramatic crisis for the Sicilian region in general and, more specifically, for the Calatino area. The rate of unemployment grew always higher and the traditional sectors of the local economy (agriculture and handicraft) did not represent an alternative to unemployment. The 15 municipalities of the area decided to face the crisis through the planning of a general development plan to be implemented using different financial instruments. At the moment we don't have the statistical data that proves the success of the operation in terms of fight against the unemployment. However, we know that until now the Pact brought to the creation of <u>more than 900 new permanent jobs</u>. The characteristics of the Pact, addressed to agriculture and tourism development did not promoted new professional sectors in the job market. Moreover, the employability was stimulated also through <u>specific informative and training actions</u> realised within high schools and through the direct involvement of agencies of temporary work. Unfortunately we don't have any information on the gender impact of the TEP.</p> <p><u>Compared to other funding instruments implemented at national/regional level, the Pact seems to be less effective in terms of generating new employment.</u> Anyway, it contributes to diffuse the idea to concentrate human and financial resources for the local development according to an integrated strategy.</p>
Methods of implementation	<p>The Pact was the result of an <u>integrated strategy</u> elaborated by all the 15 municipalities of the area and</p>

	<p>shared with social parties acting on the territory. The success of the pact was given principally by the fact that the partnership was already working before the selection of the TEP for the Community programme. This solid base generated great enthusiasm among both the same actors involved, who had a new instrument to utilise, and the local population and entrepreneurs, who started to trust in their administration's activities. This fervour was particularly high during the first phase of the TEP implementation, thus allowing stakeholders with different interests to co-operate together (another great innovation element introduced with the Pact), but faded with time.</p>
Financial dimension	<p>The Pact in only two years (1999-2001) succeed in spending almost all the community funds allocated (98,3%), thus showing a <u>high capacity of expenditure</u> especially if compared to the rate of expenditure of other programmes co-funded by the Structural Funds (whose period of action is even longer). <u>Additional public funds</u> were levered in by means of the law 208/98. These resources will allow the completion, within 2002, of some complementary actions enhancing the direct effect of the Pact measures.</p>
Networking/dissemination activities	<p>The networking activities were carried out with specific regard to the other Italian Pacts. Periodical meetings among the TEPs managers aimed at:</p> <ul style="list-style-type: none"> ✓ <u>partaking methods and solution;</u> ✓ <u>exchanging the results achieved;</u> ✓ <u>diffusing innovation.</u> <p>The responsible for Calatino Sud Simeto took part also in some meetings organised at EU level where it was possible to get in touch with other European TEPs and being informed about their activities.</p> <p>The Integrated Development Agency conceived a co-ordinated information campaign whose main aspects were:</p> <ul style="list-style-type: none"> ✓ <u>Television/radio advertising;</u> ✓ <u>Press releases;</u> ✓ <u>Information via Internet;</u> ✓ <u>Distribution of brochures and pamphlets</u> ✓ <u>Constant presence within local fairs within some important national fairs.</u> <p>The most significant result of the networking/dissemination activities was the contribution to the exchange of information among the actors working for the local development in different contexts and at different institutional levels. Therefore, the model of intervention proposed by the TEP programme started to be considered as a "best practice" in terms of</p>

	management of human and financial resources.
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LESSONS

The main lessons that can be drawn up from the evaluation of the Calatino Sud Simeto TEP are summarised as follows:

Aspect of the TEP that worked particularly well:

- individuation of a strategic sectors (tourism and agriculture) for the development;
- coherence of the interventions with the pre-existing administrative orientations, with specific regard to the improvement of a “business culture” among local entrepreneurs;
- capacity of the partnership to involve local entrepreneurs;
- contribution given by the Pact to the diffusion of a new concept of local development;
- high quality of the interventions financed by the Pact;
- leverage in of additional resources.

Aspect of the TEP that did not work well:

- involvement of the social parties in the programming phase and not actually in the management phase;
- lack of both qualitative and quantitative data on the effective results;

Most added value of the TEP:

- New trust of entrepreneurs in public institutions;
- Involvement of all the different actors existing on the territory;
- Integration with other activities and programmes (Leader II, PRUSST, Urban II, one-Stop Business Centre, Pact for Agriculture);
- Participation of the territory to any new initiative as Calatino Sud Simeto and not as Municipality of Caltagirone or Municipality of Palagonia, etc.

CASE STUDY 3: CATANIA ZONA SUD

The interviews were carried out between 16th and 17th of April 2002 in Catania.

BACKGROUND OF THE PACT

The Pact covers the city of Catania, which is the most important city in the Sicilian region after Palermo. Catania is on the Ionian sea and is situated in a plain at the foothill of Mount

Etna. The city covers a surface of 180,88 km², whose vastness explains the variety of landscapes: to the East the strong practice of agriculture has established a typically rural landscape; to the south the original coastal landscape is changed due to the industrial development; to the North the coast is characterised by the suggestive lavic reefs and by impressive presence of Mount Etna. The areas assets include the airport, harbour facilities, La Plaja beach, and the Simeto nature reserve.

The table below show the main features of Catania as to **population** aspects:

	TEP	% on region	Sicily
Population	333.075	6,71	4.963.860
Area sq.	180,88	0,70	25.840
Municipalities	1		
Density inhab./Km sq.	1.889	954,04	
PIB per capita	17.336.100	103,7%	16.719.500

Source: 13° ISTAT census (1991)

The system of **transport infrastructures** is characterised by the coastlines roads and by the highway Catania-Palermo. The connections with the municipalities are assured by a system of state and provincial roads. As to railway infrastructures, the two main lines are the Catania-Messina and Catania-Palermo. The Catania's harbour shows growing volumes of traffic and has developed rather incoherently different functions: passengers and merchandises transport, fishing activities and services to tourists. Catania has an international airport, only 7 km. far from the town. The airport serves the whole oriental Sicily but it's excessively utilised for its real possibilities.

The **economy** of the city is characterised by a predominance of the tertiary sector, as results from the following figures:

Active population in 1991				
Volume	<i>Agriculture</i>	<i>Industry</i>	<i>Services</i>	<i>Total</i>
TEP Area	5.207	21.755	71.231	98.193
%	5,3	22,2	72,5	100
Region	230.831	338.144	843.453	1.412.428
%	16,3	23,9	59,7	100

Source: 13° ISTAT census (1991)

A deeper analysis shows the constant decline of agriculture, (this trend is common to the whole Southern Italy), and an industrial sector mostly based on little firms suffering from periodic crises. So, the leading sectors are those of trades, services and public administration.

The social situation in Catania is highly worrying since, as in most cities of Southern Italy, the discomfort's factors, such as urban degrade or criminality, are enhanced by a strong unemployment rate, which concerns mainly young people. The data of unemployment in Catania are the symptoms of a crisis that affects the whole Sicilian region:

Unemployed (%)	
TEP Area	33,5
Region	35,4

Source: 13° ISTAT census (1991)

The description of the local context, as it occurred in the middle 1990s, may help understand the reasons that brought about to the Catania Pact. The interviews show that this initiative arose when the local crisis was at its climax (end of 1995- start of 1996). That crisis had affected the bigger construction groups of the city (due to the mafia or to bankruptcy), carrying on thousand of dismissals. In the meantime the traditional agro industry was having a decline. The trading sector too showed traces of this situation. On the whole, the job market was characterised mainly by temporary employment. At that time, the situation was faced through the available legislative instruments, which were inevitably limited. The municipalities had few chances to intervene since the employment policy known as “Pacchetto Treu” (Law 196/97) had not been approved yet.

The municipality of Catania was asked to introduce some measures to face the crisis by both the trade unions (which expressed the discomfort of the lower classes) and the industrial associations (in particularly the building industries which felt even more the effect of the crisis). Thus, the local administration opened a phase of social negotiation before the approval of the CIPE Deliberation on the national Pacts (which dates to July 1996) and of the law which introduced the “negotiated programming” (law 662/96). These two legislative instruments institutionalised the debates opened in Catania between the administration and the social parties. They also made it possible to transform a political answer to an emergency's situation in an opportunity to plan the local development according to an integrated strategy.

After the deliberation CIPE of 21/3/97, the Catania Pact lost its national character since it was selected by the former Ministry of Treasury, now called the Ministry of Economy and Finance, to take part in the TEP pilot project. Several factors were pointed out by the different stakeholders interviewed in order to explain the choice of the Catania pact for the European programme. They all agreed on the innovative character of the pact, due to the fact that it concerned only one municipality and focused the financial resources on a limited portion of the urban territory, which was nevertheless considered strategic for local development.

DIRECT OUTPUTS AND RESULTS OF THE TEP

The Catania Pact focuses on the idea of “**urban quality**” according to a new urban concept which means to promote social end economic welfare too.

The interviews highlighted that the mission of the Pact is recognised and shared by the different stakeholders. They all agreed on the necessity to link the economic recovery to

tourism development, starting from south of town, where, just near the historic centre (the famous Piazza Duomo), and near the natural Simeto oasis, the bathing area of the Playa lies.

The partnership believed it was necessary to stimulate tourism in Catania which, despite a rich natural and cultural heritage, was traditionally “a city of passage”. This means that the traveller arrived in Catania to move towards other tourist places of Sicily, such as Taormina, Siracusa, Agrigento. So, the aim of the Pact stakeholder was to intervene on the employment situation, just supporting tourism, as a factor not exploited in the local economy.

Moreover, this choice was linked to the will to transform the area of the Playa, and of the nearby Simeto oasis, in a “green way” leading to the city, with a progressive intensification of the urban services from the seaside to the historical centre. This was coherent with the three main priorities of the Urban Planning:

- Recovery of the environmental resources
- Recovery of the access to the sea
- Promotion of the historical features of the different districts existing in the city

As far as the four key objectives of the TEP are concerned, the interviews provided the following information.

Bottom-up approach

As already mentioned, the Pact was originally conceived as tool to answer social demands coming from those who most felt the effect of the economic crisis, (such as the building industries associations and the trade unions). In order to reply to their requests, the municipality of Catania opened a phase of debate and negotiation whose final output was not only the Pact but other national funding schemes too designed to promote employment, such as the so-called “Contratto d’area”. Thus, the first steps of the Pact (the programming phase) were characterised by a genuine bottom-up approach; however it has to be noticed that, according to most people interviewed, as soon as the Pact was approved and the tenders opened, the partnership showed lesser and lesser concern about the Pact implementation. This was partly due to the fact that, in order to avoid the loss of the community funds allocated for Catania, the Partners Committee became the place where local actors signed already taken choices. However, this opinion ought to be interpreted cautiously, since the municipality had to take a strong position in order to manage a partnership composed by so many actors. The risk was the rich planning capacity, owned by the local stakeholders, was addressed towards a plenty of different initiatives instead of towards an integrated strategy.

Formal, broad-based partnership

As already said, the negotiating policy carried out by the municipality had led to the establishment of partnerships which discussed the major problems for the city. After the signature of the pact, this partnership grew in number but, above all, it acquired a common working method and identified its objectives in a clearer manner.

The **Partner Committee** was composed of 59 local actors, including among the others:

- The Chambers of Trade, Industry, Agriculture and Crafts;
- The university;
- The harbour authority;

- Catania national research centre;
- The ASI Consortium (industrial areas);
- BIC Sicily;
- Azienda Speciale dell' Aeroporto, and the
- Harbour Co-operation Company.

In addition to these organisations, a number of trade unions, private companies, co-operatives, were involved alongside, 17 non- profit-making and voluntary associations and 12 vocational training centres.

The following tables show the complete list of the partners involved in the Pact according to Investiacatania.

Public Administrations
Comune di Catania (soggetto promotore)
Provincia Regionale di Catania
Camera di Commercio
Università degli Studi
Autorità Portuale
Consiglio Nazionale delle Ricerche (CNR) - Area di Catania

Trade Unions
C.G.I.L. (Confederazione Generale Italiana del Lavoro)
C.I.S.L. (Confederazione Italiana Sindacati Lavoratori)
U.I.L. (Unione Italiana del Lavoro)
U.G.L. (Unione Generale del Lavoro)
C.I.S.A.L. (Confederazione Italiana Sindacale Autonomi Lavoratori)
INTERSIND

Industrial associations
Assoindustria, Apindustrie
A.N.C.E. (Associazione Nazionale Costruttori Edili)
Confcommercio, Confesercenti
C.I.A. (Confederazione Italiana Agricoltori), Confagricoltura, Coldiretti
Confartigianato, UPLA CLAAI, UPIA Casa, C.N.A. (Confederazione Nazionale Artigiani)

Co-operatives
Lega delle Co-operative
A.G.C.I. (Associazione Generale Co-operative Italiane)
Confcooperative
U.N.C.I. (Unione Nazionale Co-operative Italiane)

Service sector
Consorzio ASI (Area di Sviluppo Industriale)

Business Innovation Centre (BIC) Sicilia

Guarantee consortium
Apifidi
Confidi
Artigianfidi
Società
A.S.A.C. (Azienda Speciale Aeroporto di Catania),
Società Interporto

No-profit organisations
A.C.L.I. (Associazione Cristiana Lavoratori)
A.V.I.S
AGESCI
ARCI (Associazione Ricreativa Culturale Italiana)
AVULSS
Caritas diocesana
CNOS (Confederazione Nazionale Opere Salesiane)
Compagnia delle Opere
CRI (Croce Rossa Italiana)
Fraternità Misericordia
Lega Ambiente
LILA (Lega Italiana Lotta Aids)
MOVI (Movimento Volontari Italiani)
O.D.A. (Opera Diocesana Assistenza)
Società San Vincenzo de Paoli
Sol.co
WWF

The main difficulties matched by the partnership can be summed up as follows:

- ✓ too many partners involved
- ✓ reciprocal distrust among the different social parties
- ✓ lack of habitude of the stakeholder to be considered actors of development

The above mentioned problems occurred mostly in the first meeting of the Committee. Over the time, they were overcome and the Action Plan can be actually defined as the output of a shared work, showing the signs of the various contributions of all the local partners. If the partners' Committee was the place where the final decisions were taken, the stakeholders offered their contribution by participating to the **thematic laboratories**. The four following laboratories were implemented:

1. SME
2. No profit
3. Job market
4. Legal questions

These laboratories produced the preliminary studies for the definition of the Action Plan. Each association participating to the Pact chose to contribute to the work of one or more laboratories, according to their own interest and skills. The analysis carried out by the four laboratories brought about the signatures of as many **partners agreements**.

The evaluator believes that the contribution given by the partnership to the definition of the Action Plan is high and significant. Anyway, it has to be said that the social parties had a prior role mainly in the programming and control phases, but they were not actually involved in the management phase. Besides, the interviews confirm that after an enthusiastic period, the involvement in the negotiating process, and the attendance to the Partners Committee, progressively declined. This tendency increased after the local elections and the settlement of the new administration.

Integrated strategy

The strategy which is at the bottom of the Pact can be considered integrated for two main reasons:

- ✓ It is the expression of all the local stakeholders
- ✓ It means to promote the economic development through a series of correlated measures, altogether linked to one single leading idea, the already mentioned “urban quality”. That strategy was the result of several studies, aiming at increasing the employment rate through specific actions, able to match job demand and supply. Different elements prove this. For instance, the interventions on infrastructures for tourism (demanded by the local consortium of Catania Lidos and the Building industries association) matched with specific training actions, which aimed at qualify the future employees of tourism.

Injection of Innovation

According to the interviews and on the basis of an analysis of the existing documentation, the evaluator thinks that the innovation of the Catania pact lies in the following elements:

1. The negotiating methodology: all partners acknowledge that the latter contributed to the success of the pact and at the same time brought about great institutional changes. Until then the local partners had not been used to give their contribution to the definition of a strategy for the local development. In the same way, the administration learnt to share with the social partner the responsibilities of the most important decisions for the city. Moreover, the politicians learnt that through a negotiating process they could get consensus, making the public opinion accept interventions that otherwise would never be approved.
2. The specific features of the Pact of Catania: unlike the other Italian TEPs, only one municipality was concerned and the resources were focused on a single strategic sector (tourism).
3. The attempt to realise in a small area of the city some interventions coherent with the great axes of the urban development.

PACTS OBJECTIVES AND PROGRESS

The aims of the Action Plan have been defined through analyses developed by all the actors of the partnership (university, CNR, training centres) and carried out into the above mentioned thematic laboratories. The PAL objectives have been translated into the following six measures:

1. Tourism:

- Setting up a communications and tourism marketing office.

- Providing investment aid to improve the standard of accommodation on offer.
- Providing aid for renovating old rural buildings to increase the amount of tourist accommodation available.

2. Culture, artistic production, leisure time, sport and the environment:

- Public cultural activities: developing two multi- purpose centres for meetings, shows and exhibitions in publicly-owned historical buildings and aid for organising activities (craft workshops, sale-exhibition rooms, concerts, restoration school, etc).
- Modernising 12 private buildings to host cultural activities.
- Regenerating the old port customs point as a site of cultural activities and as a meeting place (music cafes, boutiques, tourist outlets, etc.).
- Developing a seaside fun park (sporting and aquatic activities, etc) on the site of a old abandoned maritime base in the south of the city.
- Developing Catania's coastline: creating new bathing and sports facilities.
- Developing sports facilities in the "boschetto de la Playa" which is currently abandoned.

3. Environmental and urban restoration:

- Developments to make the beach to the south of the city accessible year-round, even when the lidos are closed: cycle tracks, footpaths, green areas, parking areas;
- repairing the Kennedy tunnel; establishing a tourist area between the "boschetto" and the Kennedy tunnel;
- redevelopment of the "boschetto" area, etc.

4. Innovative services for companies:

- Setting up a technology transfer centre to help small and medium-sized enterprises to choose appropriate technology and integrate know-how and equipment.
- Providing aid to help companies draw up strategic plans for innovation and the acquisition of necessary equipment.
- Setting up a guarantee fund for small companies to help productive investment.

5. Development of the tertiary sector in new sources of employment:

- Establishing a training centre to help "non-profit- making" associations to evaluate and improve the quality of their services, to propagate the co-operative, mutual and non-profit sector culture, and identify the most effective associations to be awarded aid.
- Establishing a laboratory to promote and assist firms in the co-operative, mutual and non-profit sector: management aid, encouraging public authorities to make facilities available to these firms, networking help and help in exchanging good practice, start-

up assistance in sectors considered potential sources of new jobs i.e. environment, cultural heritage, care services, leisure time.

- Providing aid for firms in the co-operative, mutual and non-profit sector to set up, acquire new equipment, improve their services, and benefit from technical assistance and management aid services.

6. Development of human resources:

- Organising training for the unemployed and for workers (module 1 = knowledge of the local area, its history and environment, English and other foreign languages, management skills, the "total quality" approach; module 2 = specialised training courses = training periods).
- Personalised advisory services for marginalised and disadvantaged people.

INDIRECT OUTPUTS AND RESULTS RELATING TO EMPLOYMENT AND ECONOMIC DEVELOPMENT

It is not simple to individuate to this date the results relating to employment and economic development of the area. The Pact was officially completed on 31st of December 2001 and the results will be visible between the course of 2002 and 2003. However it can be said that the Pact contributed to **enhance the employability** in the area, through specific training actions so to qualify the labour force. These measures addressed the professional figures of use for the economic activities supported by the Pact. In other words, the **training programmes fitted the demands related to tourism**, mostly dealing with the following profiles:

- Shop assistants
- Barmen
- Ice cream vendors
- Waiters
- Local marketing experts, etc

The Pact also gave a contribution to the diffusion of a **new entrepreneurial culture**, carrying out specific actions or promoting services in favour of the SMEs. At this regard, the SIL played a major role managing the "Sportello Unico", an helpdesk service which simplify the bureaucratic procedures connected with the creation of new enterprises.

The actions on the **non-profit making sector** were the most effective in terms of profitability of the investments: the ratio between financial resources allocated and new jobs created is particularly low in this sector (20.000€ per employee).

On the contrary, the impact on the gender equality cannot be evaluated at the moment.

According to the figures provide by the SIL, the impact on employment can be summed as follows:

Private interventions finished before 31/12/2001

Action	Number of	Investments *	New jobs
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	projects financed		
Azi1 1.2 Sviluppo ricettività	11	51.587	182
Azione 2.1b Interventi imprenditoriali settore culturale	8	3.346	42
Azione 2.2c Attività per il tempo libero	12	3.843	54
Azione 2.3b Bacino sport nautici e centri sportivi integrati	18	10.348	141
Azione 4.1 Sportello innovazi1 tecnologica	0	0	0
Azione 4.2 Servizi reali PMI	7	722	one6
Azi1 4.3 Fondi di garanzia	2	1.500	0
Azione 5.2 Agevolazioni per il terzo settore	19	2.287	68
Azione 6.1 Formazione disoccupati	10	2.064	0
Azione 6.2 orientamento soggetti svantaggiati	6	914	0
Total	93	76.611	503

*The data are expressed in millions of Italian liras

The Pact actions were constantly monitored by the S.I.L. The data collected by the SIL were periodically sent to the Italian Ministry of economy and Finance which produced the annual execution reports. The deadline for the SIL to produce the final report on the activities carried out by 31/12/2001 was fixed on 31/03/2002. Unfortunately, this relation was not available at the time of the interview.

ADDITIONAL BENEFITS OF THE TEP

The evaluator considers as additional benefits the indirect impact of the TEP that can be related to some changes in the social and economic context.. These changes are described by the following figures:

ISTAT economic indicators

	1998	1999	2000	2001
<i>Unemployment rate</i>	28,6%	27%	24,8%	23,1%
<i>Added value*</i>	21.054,81	21.305,44	21.795,57	22.138,10
<i>Population</i>	339.271	337.862	336.222	333.684

<i>Family income*</i>	21.343,81	22.095,58	22,796,10	23.678,03
<i>Family personal consumption *</i>	18.068,92	18.910,29	20.055,84	20.900,49

* The data are expressed in billions of Italian liras

Accommodation facilities in the municipality

Typology	Number			Rooms			Beds		
	1999	2002	2001	1999	2002	2001	1999	2002	2001
<i>Hotel</i>	27	27	29	765	765	970	1.341	1.341	1.754
<i>other</i>	7	36	38	965	1.714	1.947	2.499	3.734	4.122

Source: APT Catania

Tourist flows in the municipality

Year	Arrivals	Presences	Average stay
<i>1999</i>	139.284	388.541	2,79
<i>2000</i>	142.171	421.437	2,96
<i>2001</i>	145.506	482.384	3,32

Source: APT Catania

At the end of the Pact, the overall results are undoubtedly positive thanks to the co-ordinated measures put in place to promote employment. The municipality of Catania, can be considered out of the crisis occurred in the 1990s. A new entrepreneurial culture spread throughout the job market. Moreover, the public opinion now trusts the planning capacity of the local administration.

Most interventions are finished and produced good results, such as:

- the de-cementation of the Lidos,
- the re-qualification of the nearby wood,
- the restoration of many historical building in the centre of the city
- the consequent recovery of the traditional craftsmen activities.

The impact of the TEP will be even more visible at the end of 2002: thanks to the national additional programme financed by the Ministry of the Economy and Finance, other interventions will be completed: the rebuilding of the road that connects the centre of the Catania with the seaside (Viale Kennedy) and the building works of several hotels in the area of the “Playa”.

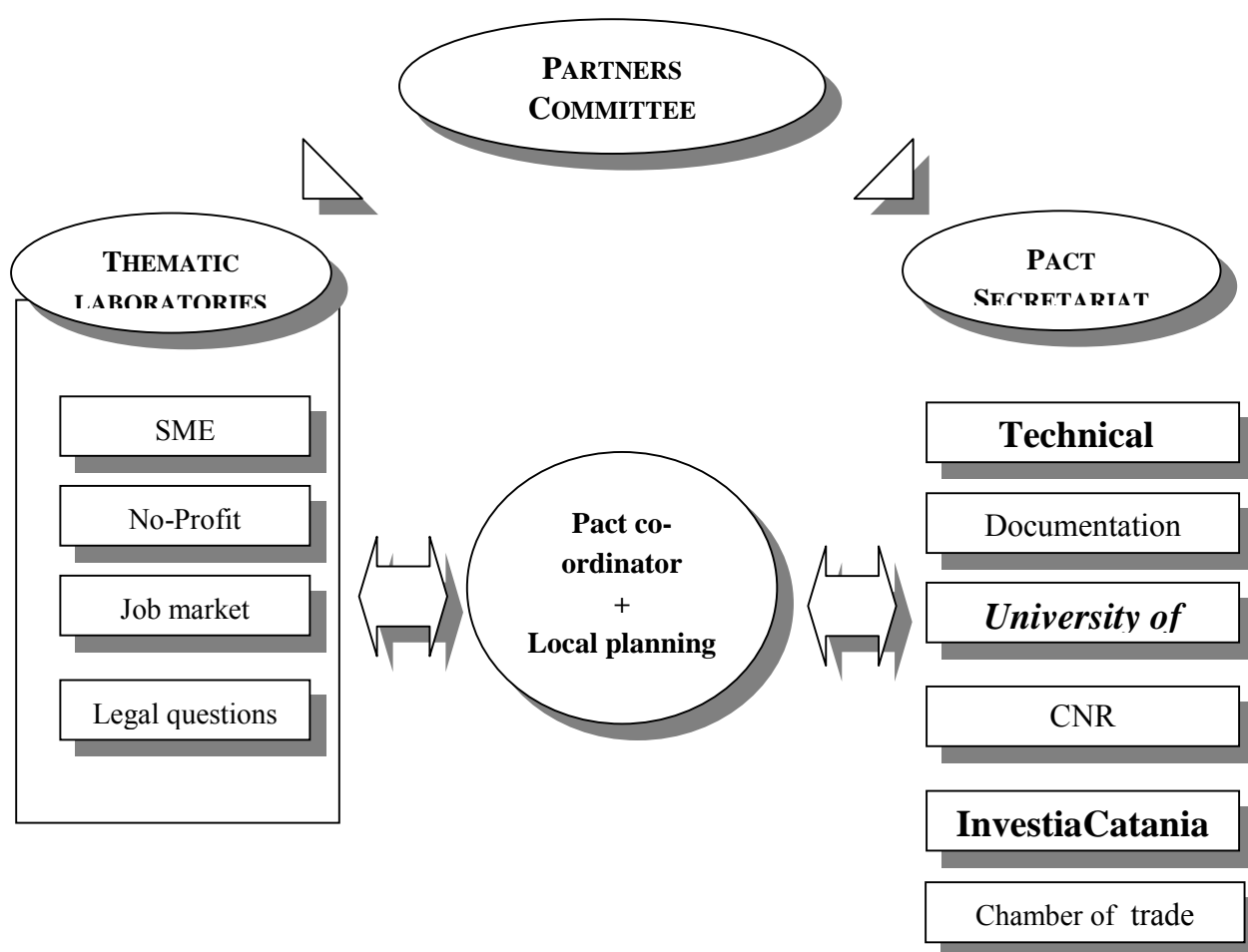
This will allow to overcome some of the critical points related with the Pact implementation, such as the decline of seasonal attendance to the Lidos throughout 2001.

A final observation has to be expressed with regard to the Pact added value in terms of co-operation among different partners. The evaluator noticed a substantial decline of the programming capacity of the partnership which affected the quality of the latest interventions. During the interviews, this change was said to be physiologic after the initial phase of great enthusiasm. Anyway, it can also be explained taking into account the

bureaucratic delays often occurred in the implementation of the actions, which sometimes brought to a change of the original projects.

MANAGEMENT OF THE PACT

At the first stage of its implementation the Pact was managed by a **technical co-ordinator**, Mr. Harald Bonura which worked as a consultant with the Catania Municipality. Mr. Bonura was said to be extremely involved with the Pact activities. He was helped by a **Secretariat**, composed by the technical assistance (Roland-Berger, a consultancy society selected through a public procedure) and by some representatives of the main partners, such as the University, the Chamber of trades, the CNR, etc. The **thematic laboratories** were the expression of the partnerships' contribution to the studies which led to the definition of the Action Plan. Both these institutions (Secretariat + laboratories) contributed to the **Local Planning Group**, which was directed by the Pact co-ordinator. The following scheme shows the relations among the different subjects involved in the pact management.



Mr. Bonura worked on the Pact until December 1999, when he left his job as consultant for the municipality. Anyway, at that stage, the S.I.L. was already operative. In fact, in order to speed up the bureaucratic procedures related to the constitution of the SIL, an already existing society was bought by the pact partners. Investiacatania, this was the name of the mentioned society, was in charge of all the implementation of the Pact (tenders, monitoring, etc.). The role of the Pact co-ordinator was substituted by that of the technical director of the SIL, Mr. Marcello Messina.

The change did not cause major problems to Pact activities. Even if some disputes arose among partners as to the choice of the juridical nature of the SIL, Investiacatania, from the beginning of its activity, succeed in getting consensus. However the interviews pointed out that the main problems occurred during the implementation of the Pact. Most of them were linked to the length of bureaucratic procedures related to the approbation of a change to the Urban Planning (Piano Regolatore Generale) for the area interested by the Pact. This change was approved only after a long period, partly because of the administrative elections which determined a turnover in the staff involved in the pact management, partly because of the opposition of some environmental associations – the area of the Playa is near a natural reserve.

Both the former co-ordinator and the current technical director of Investiacatania expressed a positive judgement on the role played by the Ministry of the Economy and Finance as central manager of the TEP programme. They also agreed on the effectiveness of the support

received by the EU Commission while defining the Action Plan. More specifically, the TEP programme was considered to be more efficient compared to other Community programmes due to the fact that the technical assistance covered the programming period too. No more information was given as to the role and functions of EI2000 technical experts.

The overall assessment of the Pact management is positive. If some problems occurred during the implementation of the Pact, they were overcome thanks to the competence and, perhaps, the strong willingness of the managers. The management structure of Catania Sud TEP succeeded in giving the final beneficiaries the help they needed but also the feeling to be supported by an institution expressly devoted to local development. These attitudes of the pact managers contributed to solve any problems related to the administrative change and gave an impression of continuity between the planning and the implementation phases.

Financial resources

The following table shows the repartition of the pact budget according to the different funding sources.

ERDF	ESF	Total EU	National funds L.183/87	Total MOP	Additional national programme L.208/98	Total
16.475.000 €	850.000 €	17.325.000 €	17.136.945,07€	34.461.945,07€	16.796.521,15	51.258.466,22€

Source: Ministry of Economy and Finance

The financial data on the expenditures made before December 31st 2001 are presented on the table below:

ERDF	ESF	Total EU	National funds L.183/87	Total MOP	Additional national programme L.208/98	Total
16.475.000 €	850.000 €	17.325.000 €	17.117.431,97€	34.442.431,97€	680.905,44	35.123.337,41€

Source: Ministry of Economy and Finance

As the tables clearly show, the Pact has managed to spend all the financial resources originally allocated (not considering the national additional programme which will be spent during the 2002). The data provided by the Italian Ministry of economy and Finance are not the definitive ones, since further information have been collected in the last few days; anyway these data confirms the general appreciation of the Catania Pact as a successful experience: it showed an expenditure capacity more than double compared to the Structural Funds.

As to the additional resources levered in, these amounts have been originally allocated by the Ministry in order to work as overbooking, they were not intended to be actually spent. Due to the success of the Italian Pacts, they will be used to finance the completion of some intervention until December 31st 2002.

As far as the Catania pact is specifically concerned, all the interviewed agreed on the importance of the additional public resources levered in. Thanks to this money, some

important intervention on the area of the Playa will be put in place (for instance, the completion of Viale Kennedy which links the centre of the city with the seaside).

Moreover the pact had a catalytic effect in terms of private fund raised. The area on which the Pact operates has become more attractive for investments, so many private enterprises have modified their location choice according to the re-qualification of the Catania Sud zone. We don't have at the moment any quantitative evidence on the new activities financed in the area; nevertheless the managers of the Pact said that most private resources redirected on the Playa zone financed new services related to tourism (hotel, sport equipment, etc.).

Apart from pure economic assessment, the evaluation on the catalytic effect of the Pact is good. The pact was perceived as a success of the local administration which has been able to combine public and private resources and direct them onto the development of a strategic area for the city. This global achievement, and the consensus of the public opinion, is perhaps more important of the same cost-effectiveness of the Pact, evaluated on the base of pure economic analysis. In our opinion, in southern Italy some national funding programmes (the so called "credito d'imposta", the law 488/92 and other instruments which support the private entrepreneurship) are more efficient compared to the TEP programme, if we consider, for instance, their capacity to create new jobs. Anyway, unlikely the Pact, these instruments do not contribute to an integrated development strategy and, above all, they do not involve all the social parties existing on the territory in order to reach a common objective.

DISSEMINATION AND NETWORKING ACTIVITIES

In order to provide all the potential beneficiaries with the information on the activities implemented by the Pact, Investiacatania realised a co-ordinated information campaign. Once the Pact was approved, the information on public tenders was diffused through the Albo Pretorio of Catania municipality, affissioni presso the S.I.L., and through the website of the local institute of the CNR (www.area.ct.cnr.it). the associations which subscribed the pact contributed to the publicity of the tenders directly providing information to their members. A help desk service, addressed to the potential beneficiaries, was held by the S.I.L. as long as the tenders were open.

During the years 2000 and 2001 Investiacatania kept on informing the beneficiaries and the public opinion both on the initiatives carried out by the Pact and the results progressively achieved. This dissemination activity was mostly carried out by means of :

- Television advertising: 2 videos, showing the achievements of the pact in the Playa area, were broadcasted on Telecolor, Video3, Teletna, Telesicilia color, Telejonica
- Information/advertising on local (La Sicilia and Il Giornale di Sicilia) and national (Il Sole 24 ore, la Repubblica and La Stampa) press
- Web site dedicated: most of the contents hosted by the web site of CNR were transferred on the site of SIL (www.investiacatania.it) which is on line from December 2001
- Reports provided to the Partners Committee
- Euro*idees programme: Investiacatania joined the meetings organised by this association (in relation to the implementation of the tenth subprogramme of the MOP which dealt with the activities of technical assistance, monitoring and evaluation)
- Brochures and pamphlet distributed during the most important events and seminars held in the Catania Province

- Seminars: Investiacatania has organised the forth national meeting of the TEP programme (“Dieci Patti in Europa”, held in Catania on December 14th and 15th 2001) and has participated to the edition 2001 of the BIT (Borsa Italiana del Turismo) with its own stand.

It is important to underline that the dissemination campaign was conceived in order to highlight the Community contribution to the Pact.

As to networking activities, first the co-ordinator of the pact and then the technical director of Investiacatania attended the periodical co-ordination meeting of the Italian Pact programme. They evaluate this experience as extremely successful because it allowed them to get informed on the achievements of the Pact programme in other Italian contexts. They could also exchange methodologies and innovative solutions, thus contributing to the diffusion of best practice. Unfortunately, the manager of the Pact did not mention any international meeting with the other European pact.

MAINSTREAMING

According to the information provided by the partners interviewed, the Pact has functioned as a model for the future management of the Structural Funds allocated for local development. The idea of putting in a place a system of actions co-ordinated for the achievement of an integrated development of the territory has been transferred to the logic at the base of the PIT (Integrated regional project). Most of the interviewed seemed to be sceptic on the efficacy of the PIT in comparison with the TEP experience. They considered a problem the regional management of the intervention which seemed to increase the distance between the decision moment (at regional level) and the implementation activity (on a local scale). Anyway, the municipality of Catania, together with other municipalities of the province, has presented a PIT entitled “Catania città metropolitana. Dal sistema diffuso alla metropoli accogliente”. The PIT has passed the first regional selection but the final decision has not been diffused yet.

The sustainability of the TEP intervention will be all the same assured by the action of Investiacatania as agency for local development. It will be the reference point for all the initiatives and programmes which aims at enhancing the opportunities of development of Catania. At the same time, the presence in the board of directors of Investiacatania of the representatives of many of the Pact partners can be considered as a chance to keep live the integrated approach and the spirit of the partnership which have made the success of the Catania Pact.

ASSESSMENT OF THE OVERALL ADDED VALUE OF THE TEP

In the previous chapters the evaluator has analysed the different aspects of the Pact: each section focused on a single element (the background, the objectives, etc.) of the analysis. In this section he would like to sum up the key points highlighted in the evaluation in order to give a clear vision of the overall added value of the TEP. In particular, he will show the benefits of the TEP instrument as opposed to other funding schemes with regard to the four main issues described below.

<p>Contribution to achieving Community priorities</p>	<p>The Pact intervened in a phase of dramatic crisis for the municipality of Catania. The rate of unemployment grew higher and higher even in the traditional sector of the local economy (such as building industry). The local administration decided to insert the measures to face the crisis in a general development plan. At the moment we don't have the statistical data that proves the success of the operation in terms of fight against the unemployment. However, we know that until now the Pact brought to the creation of <u>more than 500 new permanent jobs</u>. The ratio between investments and jobs created is rather low (80.000€ per employee). This ratio is significantly lower in some sectors, such as the non-profit-making sector (only 20.000€ to create a new job). The <u>promotion of new professional sectors</u> enhances the adaptability in the job market. Moreover, employability was also stimulated through <u>specific training actions</u>, targeted on the professional profiles that the enterprises supported by the Pact would be searching for. Unfortunately we don't have any information on the gender impact of the TEP. <u>Compared to other funding instruments implemented at national/regional level, the Pact seems to be less effective in terms of generating new employment.</u> Anyway, it contributes to diffuse the idea to concentrate human and financial resources for the local development according to an integrated strategy.</p>
<p>Methods of implementation</p>	<p>The Pact was the result of a <u>integrated strategy</u> elaborated by all the different social parties acting on the territory. In this sense it actually succeeds in focusing all the local instances on the objective of the development. The success of the pact was partly due to the fact that this partnership was already working before the selection of the TEP for the Community programme. Nevertheless, in the first phase of implementation, the different subscribers of the Action Plan were wary of each other. The reasons of this <u>suspiciousness</u> cannot be individuated in political divisions but above all in the different roles of the stakeholders (industrial association vs. trade unions, for example) and in the variety of interests that they represented. Moreover, <u>none of the partners was used to be considered as an actor for the development</u>. This was the great innovation of the pact: the simple fact to partake important decisions to enhance the effect of the actions put in place. <u>This logic was coherent with the national orientations concerning the "negotiate programming" established by the law 662/96.</u> It functioned also as <u>experimentation for a</u></p>

	<u>scheme of funding management which would be transferred to the Structural Funds 2000-2006.</u>
Financial dimension	<p>The Catania Pact in only two years (1999-2001) succeeded in spending all the funds allocated, thus showing a <u>high capacity of expenditure</u> that the interviewed defined more than double compared to the rate of expenditure in the Structural Funds (whose period of action is even longer). <u>Additional public funds</u> were levered in by means of the law 208/98. These resources will allow the completion of some complementary actions in the area of the Playa, enhancing the direct effect of the Pact measures. Finally, the TEP had a multiplier effect <u>making the area more attractive for private investments.</u></p>
Networking/dissemination activities	<p>The networking activities were carried out with specific regard to the other Italian Pacts. There were periodical meeting among the pacts managers which aimed at:</p> <ul style="list-style-type: none"> ✓ <u>partaking methods and solution,</u> ✓ <u>exchanging the results achieved, and</u> ✓ <u>diffusing innovation</u> <p>No information was given on any meeting at EU-level. The S.I.L. of the Catania conceived a co-ordinated information campaign whose main aspects were:</p> <ul style="list-style-type: none"> ✓ <u>Television/press advertising</u> ✓ <u>Information via Internet</u> ✓ <u>Publication of periodical reports on the activities done</u> ✓ <u>Distribution of brochure and pamphlet</u> ✓ <u>Organisation of seminars</u> <p>The most significant result of the networking/dissemination activities was the contribution to the exchange of information among the actors working for the local development in different contexts and at different institutional levels. Therefore, the model of intervention proposed by the TEP programme started to be considered as a “best practice” in terms of management of human and financial resources.</p>

LESSONS

The main lessons that can be drawn up from the evaluation of the pact of Catania are summarised as follows:

Aspect of the TEP that worked particularly well:

- the individuation of a single strategic sector (tourism) for the development
- the coherence of the intervention with the pre-existing administrative orientations (with specific regard to the Urban Planning)

- the capacity to overcome the difficulties related to the change of the administrative staff involved in the management of the pact
- the contribution given by the Pact to the diffusion of a new concept of local development
- the high quality of the interventions financed by the Pact
- the leverage of additional resources

Aspect of the TEP that did not work well:

- the initial contrasts inside the partnership
- the involvement of the social parties in the programming phase and not actually in the management phase
- the lack of quantitative data on the effective results
- the lack of networking at EU level

Most added value of the TEP:

- to have shown a way to development that involves all the different actors existing on the territory
- to have concentrate the resources on a limited portion of the urban territory, that is however strategic for the city

to have linked the raising of the local economy to a sector not yet exploited

**National Report on the overall performance of the TEP
Programme:**

Luxembourg

Prepared by: Stephanie Devisscher, IDEA, Brussels

Evaluation of the Territorial Employment Pacts

Country: Luxembourg

Section 1 of this report describes the Territorial Employment Pacts programme in Luxembourg. The detailed information gathered for the case study of the TEP Dudelange “Comité local pour l’emploi” will be described in section 2.

Section 1 - TEP PROGRAMME AS A WHOLE

Member State Context

1. Governance context and Strategic Fit
2. Policy and intervention context

Luxembourg is a country where most of the policy making is centralised within the national government. In order to evaluate the TEP in Luxembourg, we need to say something about the national administrations that are directly or indirectly involved, namely Employment, Internal Affairs and Social Affairs (Social Security/Family, Social Solidarity and Youth).

The employment policy in Luxembourg is being determined by the Ministry of Employment. The policy is influenced by the EU employment guidelines. The Ministry of Employment is responsible for employment and professional training. Moreover, the Ministry is responsible for the national employment service (Administration de l’Emploi or Adem). Adem has four regional agencies. The regional agency of South Luxembourg in Esch-sur-Alzette is one of the partners in the TEP of Dudelange.

The social policy is partly being implemented by the Ministry of Family, Social Solidarity and Youth. The management of the minimum income is the task of the Service Action Nationale Sociale (SNAS). The SNAS has local representatives in the municipalities.

- The Ministry of Internal Affairs is responsible for the functioning of the local government (municipalities).

one important change between the start of the Pact (1997) and now, with respect to the employment policy, is the introduction of a 3 month intensive guidance. Jobseekers now receive an individual guidance of 3 months including training. This service is provided by the regional offices of Adem and is in theory obligatory.

However, at a local level (the level of the municipalities) there was no guidance for jobseekers available. It is in this context that the Pact of Dudelange was inserted. The purpose was to create an individual and informal approach for jobseekers in their own municipality.

3. Attitudes of other authorities towards the Pact

The National Government has been very supportive to the Pact. The Ministry of Employment supported the application of partnership as TEP in the EC programme. The regional office of Adem is one of the partners. The overall attitude has been positive. The Ministry of Internal Affairs has been the most “careful” observer since the TEP Dudelange might be additional to the official tasks of a municipality.

Another “attitude aspect” is linked to the scale of the country. The small scale of Luxembourg has an effect upon the networks between people in different organisations. This aspect is important to understand the policy context where the Pact was inserted. The small scale country makes it possible to develop close networks between politicians, people in the government departments and government institutions at a national, regional and local level. There is an atmosphere of “everyone knows everyone”.

4. The application and selection procedure

Since the early nineties, the municipality of Dudelange had been developing the idea of a local employment service in Dudelange. This debate involved already partners like the Social Office (Ministry of Social Security, now under the Ministry of Family) and Adem. Together with the Ministry of Employment it was decided to formalise the existing local partnership in a TEP and to apply for the EC subsidy. The Ministry of Employment approved the application. Also the EC accepted the Pact of Dudelange as a TEP. As far as known, no other partnerships applied for the TEP programme.

OVERALL PACT PERFORMANCE IN THE COUNTRY

Since there is only one TEP in the country Luxembourg, we refer to section 2 for the information on:

- Extent to which Pacts met the 4 broad Programme objectives (i.e. commentary on performance with respect to partnerships, bottom-up approach, innovation, integration)
- Added value of the working methods and actions adopted by Pacts
- Deadweight/Displacement effects
- Identification of Pacts’ catalytic effects in the territories where they operated (e.g. in drawing down structural funds, mobilising local resources)
- Employment and development impact and commentary on the quantification of such impact
- Commentary on outcomes on the way to achieving employment and development outcomes (e.g. additional benefits related to the functioning of the labour market, employment and local development policy formation, learning and cooperation between local actors, etc.)

- Problems/obstacles faced

Sustainability, Mainstreaming and Multiplier Effects

Since there is only one TEP in the country Luxembourg, we refer to section 2 for the information on:

- Mainstreaming in SFs 2000-2006
- Other replication and Multiplier Effects
- Necessary conditions for Sustainability
- Lessons learned

Section 2 - CASE STUDY

PACT of DUDELANGE “Comité local pour l’emploi”

Section 2 contains a detailed analysis of the TEP Dudelange, “Comité local pour l’emploi”. We will discuss the background of the Pact, the objectives and direct results, the indirect outputs, additional benefits, the management of the Pact, dissemination, added value and mainstreaming.

10. The Background to the Pact:

Spatial context

Economic characteristics of the Territory

The area of Dudelange, where the Pact is situated, can be described as rural industrial²⁰⁹. The town of Dudelange counts about 17000 inhabitants. The region around Dudelange is a rural area but is also characterised by large industrial sites stemming from the former steel industry. This industrial area is border crossing and continues in France. After the steel crisis around 1990, the area had to undergo an economic regeneration. The enterprises have changed their orientation from steel to machinery and steel products.

Labour market context

The labour market situation in Dudelange has been characterised by considerable job creation in combination with an increasing number of local jobseekers registered in Adem. A lot of people from outside Dudelange work in Dudelange. These people are not only from Luxembourg but also to a large extent from France, Germany and Belgium. The people from Dudelange work often outside Dudelange, namely in Luxembourg City.

In order to create more work possibilities for the local people in the Dudelange labour market, there is a need for further economic diversification. The services industry

²⁰⁹ Classification in the first Interim Report is Urban/Industrial. However, the region of Dudelange has more rural aspects than urban aspects.

could be expanded considerably. Another need is to adapt the competencies of the jobseekers of Dudelange to the required skills by the new industries. The old industries were repudiated for dirty and heavy labour conditions. This is no longer the case in the new enterprises but the image remains and is a negative factor in order to attract local people.

Employment policy and intervention context (also see section 1)

Governance context and Strategic Fit (also see section 1)

Application process (also see section 1)

In the nineties 1994-1996, the unemployment rate in Dudelange was at 4%. Some local initiatives were taken to encourage local employment. In the context of national policy, people with a minimum income have community jobs²¹⁰, e.g. in local government services. These people can be employed in the maintenance of parks and other community services in Dudelange. Other projects were traineeships for students and jobs for people not entitled to a minimum income or an unemployment benefit. The formation of a TEP was a consequence of these earlier initiatives, and of a close co-operation with the Ministry of Employment. The idea of a local employment strategy for the unemployed had been discussed in several meetings with the national Ministry.

Direct outputs and results of the TEP

Pact mission

The mission of the partnership, “Comité local pour l’emploi” was to offer an integrated and multidisciplinary approach for job seekers close to their living environment. Since job creation in Luxembourg is not a problem, the people who cannot find a job usually have a broader problem than unemployment e.g. family problems, health problems or other social problems. Especially for those people a more individual approach close to their living area can stimulate them to find a job.

The Pact mission was translated into different steps in the action plan, namely

Dialogue and mobilisation

Training of unemployed people

Creation of new enterprises

ZIs for new enterprises

Placement of unemployed people

The first action, Dialogue and mobilisation, is the most elaborated action. It contains more details on the structure that will realise the different projects (Comité Local and Service Emploi), the projects against unemployment, and the contributions of the different partners.

Extent to which Pacts met the 4 broad Programme objectives

Bottom up approach

²¹⁰ Opposed to jobs in the regular economy.

The bottom up approach is illustrated by the Pact of Dudelange. A local strategy was prepared before the Pact was created officially. In the Comité Local this local strategy was recognised and underwritten by all partners. Certain partners like Adem and the local Social Office were involved in the definition of the Action plan. The Municipality of Dudelange was the leader in the definition process.

All of the partners were involved in one or more of the Pacts activities, directly or through the Service Emploi. Involvement was sustained over time through the operations of the Comité Local (meetings and working groups) and the Service Emploi (meetings, projects, events and daily operations). However, the employers (economic partners) were relatively less involved than other partners and left the partnership after one year.

Broad based partnership

There was an informal existing partnership before the Pact. This informal partnership was set up by the Town of Dudelange. This informal partnership was enlarged when the Comité Local became a TEP. In this way, it continued in a more structural way.

It is a broad partnership. Many different partners participate: local partners in the field of employment, social affairs and education/training and economy. In this way, most of the local social and economic key actors are included in the Pact

Overview of the composition of the partnership:

Local authorities	Town of Dudelange
National authorities	Ministry of Employment, Economy, Training and Education, Social Security
Public employment service	Adem
Private sector	Employers (CEO's of companies), Organisation of merchants
Social partners	Syndicates
Education institute	Technical High School of Dudelange
Other	NGOs like organisation for women, local initiative for youth

As mentioned above, the degree of involvement of these partners varied. The following table presents an overview of the involvement.

	Partners involved	Type of involvement
Identifying needs	Municipality of Dudelange Social Office Dudelange Adem Esch-sur-Alzette	All active
Defining the Action Plan strategy	Municipality of Dudelange	Active
Implementing the Action Plan	All partners	Active and consultation
Monitoring of activities	Comité Local	Active

	Service Emploi	
Involved in Pact projects	All partners	Active and consultation
Evaluation and review of the Action Plan	Comité Local Service Local	Not active

The action plan was drafted by the Municipality of Dudelange. The action plan was approved on the first meeting of the Comité Local. There are no other formal no other formal partnership agreements. There was no formalisation of the partnership procedures.

Several benefits of the Pact could be identified.

Overall, better contacts between the local key actors in the field of labour market and social affairs, leading to a better service for local job seekers are important benefits. The central role of the Service Emploi is an essential element. The Service is a meeting point for job seekers and people looking for information. Furthermore, The Service co-ordinates the activities of the local employment strategy of Dudelange (including the TEP activities).

Other benefits are the better comprehension of economic aspects of the local labour market through the participation of the employers.

Benefits on behalf of the partners were recognised. Per partner, the following benefits were identified:

Adem:

Better image through a more active approach towards the jobseekers

Improved contacts with municipality

Improved contacts with employers

Lycée Technique (local high school):

More possibilities for school orientation (content of courses) through contacts with employers

More possibilities for traineeships via Municipality and employers

Job vacancies for students via employers

Local Social Office in Dudelange:

Tasks carried over to Service e.g. competence profiles, CV redaction

Minimum income beneficiaries go to Service for better labour market information

Contacts with employers: more possibilities for regular job instead of community jobs

Minimum income beneficiaries can do their obligatory visit to Adem twice a month in Dudelange instead of Esh-sur-Alzette

The scale of the Pact is relatively small. The area covered by the Pact counts about 17.000 inhabitants. In 1997 there were about 300 to 500 unemployed people in the active labour market population²¹¹. This is a relatively small group but one with special needs with respect to labour market integration.

²¹¹ "Situation de l'emploi à Dudelange. Analyse descriptive et dynamique", CEPS, 1998

Types of people reached by the Pact's activities²¹²:

job seekers of different types
people with the minimum income
students (technical high school)
other people looking for labour market information
organisations for labour market integration
employers

The Service Emploi helped 425 people between 1997 and 1999. Approximately 25% of the people where voluntary job applications took place, obtained a job. The Service Emploi functioned as a proximate and informal support service for jobseekers. It could transfer the people looking for help to the official job guidance channels of Adem, the local employers, or the Social Office for community employment.

Integrated strategy

The strategy has been oriented towards the different projects and mainly towards the Service Emploi. The pact was mainly supply side oriented by providing individual guidance to jobseekers. However, the demand side was also present. The employers are represented in the Pact and events like the Economic Summit have a demand oriented approach. Furthermore, the approach of the Service Emploi took into account the existing social policy at national level (Adem, SNAS) and acted as an information point about these policy.

Innovative elements of Pact's activities and working methods

Three elements of innovation were detected:

The innovation of the Pact: it created a new local process for individual guidance of job seekers. This process did not exist in Luxembourg before.

Partnership of economic and social partners. This had not been achieved before. However, this was one of the most difficult aspects of the Pact and largely influenced by the economic climate and economic needs of the employers. This is reflected in the continuation of the Pact were only the social partners participate.

The idea behind the Pact is not an innovation since it was being developed already in Dudelange. However, the Pact had an innovative effect in the sense that the Committee has started doing things in a more structural way, and in this way more projects could be realised and more people could be reached.

Pact's specific objectives and progress (relevance of approach to local context)

Specific objectives and results

²¹² We consider the activities of the Comité Local and the activities of the Service Emploi as Pact activities.

Overall, the Pact met many of its actions mentioned in the action plan. The final report 1997-1999 provides an overview of the results²¹³. Comparing the action plan and the final report, we notice that:

Actions mentioned under Dialogue and Mobilisation, Training and Placement have been realised to a large extent

There are statistics with respect to the people followed by the Service Emploi
Creation of new enterprises and zones for new enterprises: no results have been mentioned in the final report. However, a project for support of the social economy had been started.

Additional actions not mentioned in the plan have been realised, e.g. the national forum for labour market integration

Looking back, the results of the Pact are reflected in different types of activities:

Dialogue and discussion in the Comité Local

Continuous activities of the Service Emploi

Projects like the labour market studies by CEPS

Events like the Employment week, the Economic Summit

Progress of the Pact

The progress of the Pact was timely and continuously. Several factors contributed to the progress, amongst others:

the period of preparation before the Pact. The idea existed before, the partners knew each other already and supported the strategy.

the presence of experienced partners in the field of labour market integration, like Adem and the social office. Their advice was useful to the Service Emploi and its projects

the appointment of a full time pact co-ordinator from the beginning of the Pact in January/February 1997

Target groups

Target groups were not explicitly chosen. Two studies provided detailed information on the local labour market situation and the problems there and helped to define actions and projects of the Pact.

Labour market situation in Dudelange (1998)

Detailed analysis of labour supply and demand in Dudelange (2000)

Changes in objectives

There were no remarkable changes in the Pact objectives over time.

Overall achievements

Main overall achievements:

²¹³ “Bilan d’activité de 1997-1999”, Service Emploi, Ville de Dudelange

Creation of permanent local employment service “Service Emploi”
Local Employment Week
Local Economic Summit
Forum National pour l’Insertion Professionnelle. This forum responded to a need of the associations for vocational labour market integration to meet and to organise themselves.

Indirect outputs and results relating to employment and economic development

Employability
Entrepreneurship
Adaptability
Equal opportunities
Removing barriers and creating new sources of jobs
Job creation

According to the available information, no additional sources from European Structural Funds were used in the Pact activities

Monitoring and evaluation:

The external monitoring and evaluation happened through reports to the EC and the Ministry of Employment. Moreover, the financial flows are subject to the accounting system of the Municipality of Dudelange.

Internal monitoring and evaluation was done by reports of Service Emploi to the Comité Local. There was not really a structure or regular schedule for this.

Management of Pacts

Roles of key stakeholders involved in the implementation and management of the TEP:

Efficiency of managers/sponsors
Attitudes of other actors/agencies towards the Pact
Support from Commission rapporteur
Role of EI2000 national experts
Overall assessment of management structures and procedures

Overall assessment of management structures and procedures

The organisational structure can be described in the following way:

General meetings of the Comité Local
Working groups of the Comité Local and Service Emploi
Secretariat and project implementation by Service Emploi

The general meetings are a platform for exchange of ideas. All partners are invited to the general meetings. The meetings are held twice a year. The mayor of Dudelange is the political co-ordinator and is president of the general meetings. The general meetings discuss the project implementations.

The working groups are smaller meetings with the partners involved in one specific project or event. There is no schedule for the working groups and they are organised as requested by the progress of the activities. In the working groups, the projects and activities are organised, tasks are divided and problems are discussed.

The Service Emploi is responsible for the secretariat of the Comité Local and organises the meetings (general meetings and working groups). Only during the first year (1997) the meetings were organised by the secretariat of the Municipality. Furthermore, the Service Emploi is the instrument to implement the activities in the action plan and to follow up their progress. The responsible person of Service Emploi is the day-to-day co-ordinator of the Pact. After 1999, the Service Emploi continued and expanded by one staff member.

In general, the management structure of the Pact was not very clear. This is probably due to the fact that there was no clear management structure defined, e.g. in the action plan. The operations of the Pact happened through the Comité Local and mainly through the Service Emploi, but there was never a formal division of tasks and responsibilities (neither via internal communication or external communication). The partners are aware of the Comité Local and the Service Emploi, but generally not of the TEP structure behind it.

Support from Commission rapporteur

Role of EI2000 national experts

With respect to the support from the Commission, there was a rather negative impression. A few factors are to be mentioned:
Frequent change of EC staff involved, except for the early period. Information seemed to get lost, the EC did not seem to know the progress of the Pact, etc..
The EC was more seen as a controlling agent than as a source of support.
The EC furthermore stressed the need to create jobs, although the need in Dudelange was not to create jobs. The objective of guidance of jobseekers was better adapted to the local labour market context but it seemed difficult to get this message across.

The role of the EI2000 expert was not clear. Its role was seen in the same – rather negative- light as the role of the EC.

Attitudes of other actors/agencies towards the Pact

Other actors and agencies have been positive or ignorant about the Pact. There was no evidence of any negative attitude about the Pact.

Pact resources:

Institutional and human resources levered in

Financial resources levered in

Additional resources levered in Cost-effectiveness of the Pact

The Pact resources are the following:

Human resources: officially one full time day-to-day pact co-ordinator (Mme Eliane Wolff)

Other human resources: staff attending comité meetings and working groups

Additional resources: the resources necessary for the daily operational activities of the Service Emploi and its partners (Adem, local Social Office)

Financial resources have been provided by the EC and by the Ministry of Employment and the Municipality. Financial resources were sufficient for the management and the activities of the Pact.

Funding of the TEP Dudelange

37,5% Ministry of Employment

25% Municipality

37,5% EC

Two partners of the Pact provide financial resources, the other partners contribute in terms of staff time and logistics (e.g. the local school provided accommodation for the Employment Week).

Dissemination and networking activities

Dissemination activities:

Not one of the Pact priorities

The Pact has never been promoted externally, and even internally, the Pact formula was not clear to all partners (see also above, management structure). This has been an issue of debate within the Pact. Two opinions were present. The partners wanted to avoid a commercial approach of the project. Another aspect is the political connotation. The Pact did not want to be seen as a project of a certain political strand. In the end, not much dissemination was undertaken.

However, the local events were open to a broad public and to all local partners. The events were announced in local media.

Two studies have been produced and published about the labour market situation in Dudelange by CEPS.

Networking:

It was seen as a disadvantage that there are no other pacts in Luxembourg, e.g. for exchange of ideas and experiences.

The Pact participated to the EC seminars. However, it took some time to absorb the Pact methodology but this was also due to the background of the Pact co-ordinator, who was new in the field. The co-ordinator participated alone to the EC seminars, what is another disadvantage. Some contacts were made with other Pacts but few networking activities have been undertaken (restricted to contacts via email).

Mainstreaming

Into Structural Fund programmes 2000-2006
Other forms of sustainability of TEP interventions

The main project of the Pact, the Service Emploi will be continued in the Objective Programme (at least until 2003). The Pact cancelled its application for a prolongation as TEP since the Objective 3 programme had a longer time horizon.

The activities of the Pact, and especially the Service Emploi, is an initiative that in theory could be implemented by other municipalities. There have been a few pilots in other areas. However, their success seemed limited. One of the reasons is the political majority in a Municipality. Once there is a coalition with several parties, it seemed more difficult to find a common strategy. In Dudelange, one party is governing the town.

Assessment of overall added value of the TEP

What are the benefits of the TEP instrument as opposed to national or regional schemes, when these exist in terms of:

Contribution of the TEP to achieving Community priorities (e.g. increase in the level of employment, job creation through local development initiatives, human resource development, equal opportunities etc)

Method of the implementation of the TEP (including Structural Funds working methods)

Coherence/complementarity with national/regional initiatives

New partnership undertaking new functions

Diffusion of innovation

Monitoring and evaluation of interventions (especially impact of SF initiatives on employment)

Financial dimension (multiplier and leverage effects of the TEP)

Networking, dissemination and exchange of experience at EU level (i.e. learning from others). E.g.:

Added-value of participation to transnational seminars

Participation to regional and local networks and exchanges of information

Transferability of actions (e.g. emerging TEPs in neighbouring territories) and mainstreaming of innovative actions into mainstream Structural Funds or into national/regional initiatives

Contribution of the TEP to achieving Community priorities

The TEP of Dudelange contributed to an increased level of employment but it cannot exactly be measured how many people found a job through the Pact. Estimates mention that 25% of the people helped by the Service Emploi, found a job. The Pact contributed also to an increased employability of the local labour supply (students as well as jobseekers) via workshops and information.

At a macro-level, the value of the TEP seems limited since the unemployment in Luxembourg is low compared to the EU average and job creation has always been high. The region of Dudelange had specific problems due to the steel crisis affecting the local industry. At a local scale, the TEP strategy seemed relevant to the existing labour market problems of unemployment, skills mismatch, equal opportunities and a need of more economic diversification into the services sector.

Method of the implementation of the TEP (including Structural Funds working methods)

The TEP in Dudelange was a unique initiative with respect to local guidance of jobseekers. It was complementary to existing national and regional initiatives. The partnership existed already in an informal way but was enlarged and structured via the formation of the TEP.

Financial dimension (multiplier and leverage effects of the TEP)

There is no evidence available on this aspect.

Networking, dissemination and exchange of experience at EU level

The networking offered by the EC was seen as a positive instrument in general. However, the learning effects for the Pact of Dudelange were relatively low (see also paragraph 7).

Lessons

The Pact of Dudelange does not continue in its original form. The Service Emploi is the new structure supported by the ESF Objective 3 programme for Luxembourg. Some lessons from the period 1997-1999 can be derived, and are reflected in the Objective 3 project.

- It is difficult to reconcile social partners and economic partners in 1 partnership. The Objective 3 partnership only has social partners, including Adem, Social Office, the education institute and the NGOs.
- Some continuity with respect to the EC contact people is important for the partnership. This will guarantee a better information flow between the partnership and the EC in both directions.
- There should be clarity about the partnership's mission compared to the EC's strategy from the start. Otherwise, there might be conflicts between the view of the EC (here: need for job creation) and the view of the partnership (no need for job creation but for support to job seekers and for selective job creation via economic diversification).

**National Report on the overall performance of the TEP
Programme:**

Netherlands

Prepared by: Luc Boot, ECORYS-NEI, Rotterdam

TEP PROGRAMME AS A WHOLE

The Member State Context

The Netherlands as a whole has a strong tradition concerning the formulation of joint strategies for tackling unemployment problems. In fact the Directorate of Labour Market Policy of the Dutch Ministry of Social Affairs and Employment's has responsibility for developing a strategic labour market and reintegration policy, *with special care for sector, regional and international labour market context*. It also places the instruments (budget) in the hands of local authorities to develop effective policy. Recently some drastic changes in the organisation of labour market policy in the Netherlands have taken place. These are described in section 1.3. The current section deals with some specific characteristics of the Dutch Pacts.

From the outset the aim of Territorial Employment Pacts have been to establish large regional or local partnerships to enable more effective co-ordination of actions designed to create employment. In total 89 (pilot) projects submitted by regions throughout the European Union were approved by the European Commission, of which three were in the Netherlands. Eligible areas in the Netherlands are the provinces of Flevoland, Limburg (see chapter 2) and Noord-Brabant.

The three Pacts together cover an area with a total population of roughly 3.7 million, which is a little over 20% of total population in the Netherlands. Unemployment rates at the outset of the TEP-programme varied from 13.6% in Flevoland to 12.5% and 5.6% in Limburg and Noord-Brabant respectively. Both Limburg and Noord-Brabant already were eligible under Objective 2 of the Structural Funds. Flevoland on the other hand has – as an area whose development is lagging behind – a history as an Objective 1 and Community Initiative “Konver” region. one of the main goals of the Dutch Pacts has been to create better conditions for employment growth, rather than to create more jobs in itself. In this line of thought the focus has always been on the creation of partnerships, joint strategies and new ideas.

At the outset the TEPs were not given any high priority at the national level. The first idea for applying for Community technical assistance came from the provincial level. However, the application process was then finalised in close co-operation with national authorities (in particular with the Ministry of Economic Affairs and that of Social Affairs and Employment). During this procedure all relevant partners in the area agreed with the proposed action plans. Although the provincial level has had a strong impact on the Pacts, other parties have made a clear contribution to the content of the action plan as well. Early in 1998 all three Pacts were awarded eligibility for EU-funding.

Overall Pact Performance and mainstreaming

In all three cases a clear broad based partnership was established, in the sense that all relevant parties (local authorities, social partners etc.) involved in creating employment and fighting unemployment were represented in the Pact. Except in Flevoland – where due to very high unemployment less focus was placed on labour

market demand – the Pacts pursued an integrated strategy. The Flevoland Pact focused on reducing the mismatch of labour market demand and supply, and not so much on job creation. Overall, the direct impact of the Pacts on the regional labour market situation (in terms of job created) is perceived as limited and cannot be measured.

The TEPs in particular added value in a sense that they brought together regional leaders and experts in the field of employment to discuss innovative plans, promising approaches and current problems. On a national level the TEPs are taken into account in the National Action Plan (NAP) for unemployment and are mentioned as potential beneficiaries in the EQUAL programme²¹⁴. The NAP informs the activities in the field of employment, labour market and training by central government, social partners, local authorities, training institutes and social security services. The NAP formulates the joint effort made by the parties mentioned.

Official recognition of the importance of the regional dimension of the labour market was given by the funding and support of the Ministry of Social Affairs and Employment for Regional Labour Market Platforms (RPA), which are organised very similarly to the European TEPs. Flevoland as well as Limburg are one of the first regions in the Netherlands to complete the transformation to a RPA. In this context both areas will receive funding for the structure of the platform as well as for projects. The TEP Noord-Brabant is still in the process.

The European TEPs have played a role in the shift from a national to a more regional focus in the field of labour market policy. All three Pacts in the Netherlands have been able to ensure their existence after the EU-funding. They have a great impact on organising the regional and local players on the labour market in the working area. All relevant parties have become involved with regional labour market policy. Furthermore the TEPs have set an example for other regions in the Netherlands who are now working toward a RPA. The functioning of the TEPs has also had an impact on the decision of the national government to fund these platforms.

SUWI: Reform in Dutch labour market policy

This section deals with recent changes in the organisation of labour market policy in the Netherlands, which have taken place more or less in parallel to the implementation of the TEPs in the Netherlands.

With the implementation of the Act on the Implementation and Structure of Employment and Income Policy (*Wet Structuur Uitvoering Werk en Inkomen* or SUWI) the organisation of employment policy in the Netherlands has changed quite drastically. The establishment of SUWI ended the existence of the Central Employment Office and the Regional Employment Offices in the Netherlands. The public tasks of the regional employment offices were taken over by the Centres for Work and Income (CWI). The Regional Labour Market Platforms were assigned the

²¹⁴ Within the Equal programme only labour market platforms (RPA) are allowed to submit programme proposals. This stimulates the movement towards the creation of regional and sector labour market platforms in the Netherlands.

tasks of promoting optimal functioning of the regional labour market by co-ordinating efforts of the various parties involved in the labour market. Each region is more or less free to adapt the concept of Regional Labour Market Platforms in such a way that its best fits the regional circumstances.

Tasks of the Regional Labour Market Platforms are:

- Collecting and analysing available labour market information;
- Identification of growth sectors for joint deployment of policy instruments;
- Translate national agreements to the regional level;
- Joint development of specific projects to solve existing bottlenecks with supply and demand on the labour market;
- Bringing together the resources of the various partners that are included in the platform with the objective of realising joint objectives;
- Organising co-operation between sectors.

In the Regional Labour Market Platforms municipalities work hand in hand with social partners and social security services (UWV), Centres for Work and Income but also other partners like the chambers of commerce. The platforms are meant for consultation and are not given any administrative authority. Within the structure all partners possess their own authority and responsibility. The intention is to create central places where all the parties active in the field of work and income are brought together, so linking local and sector labour market policy at a regional level.

The transformation means that more parties have become involved in the platform and that the platforms have to comply with the national guidelines to be eligible for national funding. However, the content and implementation of regional labour market policy is in the hands of the regional/local players.

A temporary financing scheme for Regional Labour market Platforms was drawn up, which local/regional partnerships can apply to for support in setting up the structure. The budget is approximately 9 million Euro for the period 2001 – 2003. At the moment 25 such platforms have been created.

CASE STUDY LIMBURG

The Background of the Pact

Spatial and economic context

The EU-Territorial Employment Pact in the province of Limburg (VWL) covers an area with a population of approximately 1.13 million. It is a peripheral region in the South-East of the Netherlands with mixed (semi-) rural and industrial features. Although internal differences in the area are fairly large, the economic structure is however still dominated by industrial activities, and is expected to remain as such, partly due to struggling position of the agricultural sector in the last decade. About 21% of total employment in the area in 2001 can be attributed to industry. Besides that industry provides numerous jobs with suppliers in the construction and/or services sector. On the other hand logistics and tourism are also becoming more important economic sectors for the area. Furthermore the weight of the agricultural

sector is still above the national average. Employment in the commercial service sector is below average.

Labour market context

The labour market in Limburg changed drastically in the TEP-period. At the outset of the Pact the unemployment level was as high as 12.5% of the labour force, about 59,400 people. However, in the following years unemployment dropped substantially, to 6.5% in 2001. During this period the state of the labour market changed from slack – insufficient employment opportunities and long term unemployment due to (fast growing) qualitative mismatches between demand and supply – to rather tight. One characteristic of the labour market in the area at the time the Pact was established was the relatively fast ageing of the labour force. As regards the share of young workers in the labour force and educational level, the area scored significantly below the national average.

At the moment a substantial shortage of skilled personnel exists. The following indicators give a quantitative impression of labour market development between 1997 and 2001:

- As elsewhere in the country the *number of vacancies* grew, from 8,100 in the first year of the Pact to 14,500 in 2001;
- At the same time the *number of unemployed job seekers* decreased by 45% to 33,000 in 2001;
- Illustrative for the magnitude of changes is the rise in *labour market elasticity* from 0.39 to 2.51 (number of vacancies in relation to number of job seekers).
- Also the *number of long-term vacancies* grew from 27% to 51% in 2001;

As regard economic growth Limburg has developed to become very prosperous. Due to economic stagnation since 2001 employment growth however has again slowed down. The fact that unemployment in 2001 still dropped by 6.5% might be attributed to successful labour market policy in the region; consequently less mismatch between supply and demand. For the period 2001-2006 annual employment growth is estimated at 0.8%, as to 1.2% at a national level.

Employment policy and intervention context

Before the Pact was established, a wide range of initiatives and measures to increase employment rate already applied. Previously existing initiatives aiming at improving economic and labour market situation within Limburg were due to the Objective 2 and 5b status of the region. Also a framework programme for 34 employment-related projects under objective 3 and 4 existed. Within this framework the Ministry of Social Affairs and Employment in the Netherlands participated as a funding partner. Furthermore several organisations in the area were active within community initiatives such as ADAPT, EMPLOYMENT and INTERREG. Finally, other pre-existing traditional initiatives and policy measures in the Netherlands and at the provincial level existed, for example the Dutch Urban Policy, the Regional Technology Plan (RTP) Limburg and policy aiming at the lower end of the labour market. Within this context an important goal of the pact was to co-ordinate existing policy and actions.

Governance context and Strategic Fit

The origin of the Pact lies in the “Basisaccoord 1995 - 1999” of the Limburg Government. In this document the Province of Limburg explicitly mentioned employment as the key factor in future regional policy. Based on this treaty, numerous regional initiatives have been set up to sustain and increase employability, within close co-operation with other regional actors. In this context a “Initiatiefgroep Werkgelegenheid” (ending 1996) was founded, in which the Province of Limburg, individual municipalities, social partners and the regional employment office (Regional Employment Office) took session. This group acted as a think tank for new ideas and strategies and worked towards the streamlining of regional employability policy-measures. Most partners co-operated prior to the Pact, however this was on an ad hoc basis. In this sense the Pact-partnership was unique and supplied regional actors with a new task.

The Pact itself had a strong overlap with existing policy structures, in particular with the Regional Employment Office, a tripartite body constituted of representatives of employers, employees and local authorities. Their key task was to match supply and demand in the labour market. In this process the Regional Employment Office were steered by national policy lines (CBA). However, in practice considerable administrative freedom existed to address regionally specific problems. Hence the Regional Employment Office put a clear stamp on regional employment policy. In 2001 the Regional Employment Office stopped existing.

The foundation of the “Initiatiefgroep” stressed the importance that actors on the labour market at that moment adhered to an integral regional policy framework and clustering of activities and resources. Following this train of thought Limburg logically opted for an appointment as pilot-region when in 1996 the EC called for proposals for TEP. During the preparation phase – that is after Limburg was selected as eligible area – many documents and information were exchanged with the EC, with the “Initiatiefgroep” acting on behalf of the partners. Later on at the end of 1997 when the EC granted the application the group was transformed into the “Vertrouwenspact Werkgelegenheid Limburg” (VWL).

The VWL initially ran parallel to the Regional Employment Office. However, the Pact slowly took over the tasks of the Regional Employment Office and became the regional platform for labour market policy and interventions. The Regional Employment Office nevertheless stayed on as a partner in the VWL. An innovative element stemming from the Pact was that also training institutes and social security services also participated. This broadened the scope for an effective supply as well as demand directed labour market policy and opened up new possibilities for instrumentation development.

Application process

The formal decree for the start of the pilot Limburg came at the end of July 1997. In the following months the partners worked on an employment action plan for the region, for which the Pact co-ordinator was granted Euro 200,000 (to finance studies and to hire experts). In November 1997 a copy of this plan including an assessment of the working document by the Directorate-General XVI Regional Policy and Cohesion

was sent to the EC. In this final request for technical assistance by the EC also comments made by the National Technical Assistance Office had already been taken into account. Early 1998 the EC declared the Limburg Pact eligible for financial support from the EU Structural Funds until the end of 1999. June 1999 the Pact made a second request, for an extension of TEP-assistance for 2000 and 2001 and supplementary funding. On the basis of this second request another Euro 100,000 was granted.

Direct outputs and results of the Pact

Pact mission

From the outset there has been clarity by partners on the mission and objectives of the TEP. According to the interviewees its main objective is to establish large regional or local partnerships to enable a more effective co-ordination of actions designed to create (new) employment. The Pact co-ordinator collected and received information on the TEPs during international conferences or via the proper national or European authorities. The Pact-members recognise in particular the following objectives of the TEPs:

- To identify any obstacles and define prospects for all regional and local authorities and organisations responsible for and/or interested in labour market policy and regional employment;
- To utilise all possible resources to promote and develop an overall regional employment strategy that is broadly recognised and supported by all those involved in the labour market;
- To fully exploit the advantages of integration and co-ordination of policy measures and resources on a regional scale;
- To define and implement actions, disseminate good practice and to develop and implement innovative (policy) measures.

The Limburg action plan showed a clear understanding of these objectives. The VWL is a joint effort by stakeholders in the area to preserve and expand local and regional employment levels, to fight unemployment and to balance labour market supply and demand.

The extent to which the Pacts met the 4 broad Programme objectives is discussed below.

Bottom up approach

The Province of Limburg was the driving force for setting up the VWL. Other partners in the “Initiatiefgroep” already prior to the Pact discussed possible initiatives as regards (new) employment. In the years prior to the Pact this group also co-ordinated numerous joint projects that aimed at generating employment and lower unemployment rates. Within these projects local and provincial parties worked together in various compositions. Hence, the province of Limburg had already gone (partly) into action before the Pact was formally established. Exemplary in this context are two studies on the labour market developments in the area 1995 – 1999 and the opportunities of harmonising European policy and resources in the field of educational training in Limburg. Partners already agreed on some 6 concrete projects.

The Province of Limburg as a neutral party without any formal employment related responsibilities submitted the action plan to the EC and in this context was initiator for the Pact. The plan however contained the joint vision of the partners in the “Initiatiefgroep” as expressed in earlier stages in the numerous meetings that took place. All parties signed the action plan. The priorities cited in the action programme also took into account existing employment facilitating programmes. Finally 6 sectors were chosen as particularly interesting for further development.

All partners in the Pact gave their own input to the policy. Hence policy is formulated at the bottom. More specifically the 7 key municipalities were stimulated to draft local plans for future regional labour market development. In addition social partners were responsible for drawing up sector specific plans. These plans refer to a higher regional scale (province, South Netherlands); however always take into account the fact that execution has to take place on a local level. The VWL aims at realisation of this integration of local and sector plans.

Broad based partnership

As already mentioned the Pact build on an old broad partnership performing a new function. From the beginning most partners who had a concern in creating jobs participated actively e.g. helped designing and implementing activities (private sector, public authorities, social partners). The number of partners was later extended. In this way the effectiveness of initiatives was further guaranteed. As a point of departure there were no restrictions on the membership of other active parties on the labour market. As a coalition the VWL decided on the admittance of parties. In this context the VWL particularly attached importance to the possible added value of new members and adhered to the principle of “give and take”: parties contribute to the objectives of the VWL and in return are facilitated to realise their own objectives. Additionally the partnership was very keen to avoid any situation in which a possible conflict of interest between the objectives of the VWL as a whole and of individual parties might arise.

The partnership was broad in the sense that all kinds of interest groups were represented in the Pact. In total 23 partners constituted the VWL, including the following:

- The 7 key municipalities in the province of Limburg;
- The Province of Limburg;
- Public employment services like GAK, SFB, USZO and CWI;
- Medium and higher level regional training centre;
- Representatives of employers and employees (social partners) in the area (CNV, FNV, LWV, LLTB, LOZO and MHP).

Initially, the “Initiatiefgroep” with the Province as a mouthpiece was entrusted with defining the Pact strategy and implementing the action programme. Other parties became involved during the implementation, monitoring and evaluation of the action plan.

The Pact acted on an informal basis as it was not assigned any legal obligations. However, the action plan, which was signed by all partners, can be seen as a declaration of intent for a joint effort. By signing partners expressed their commitment

to the Pact. Also, in the spring of 1999, an agreement was signed between the VWL and the Ministry of Social Affairs and Employment. The motive for such an agreement followed from the plans of the Dutch government for a new approach to (regional) labour market problems. In this agreement called “Het Maasmodel, bestuurlijke samenwerking in Limburg” the Pact-partners again laid down their shared vision towards the co-operation between partners on the Limburg labour market. It describes and underlines the shared effort of the partners towards the objectives of the Pact.

The Pact had an obvious surplus value where it concerns an effective regional and co-ordinated approach to labour market problems. Not only did the partnership effectuate the co-ordination of policy but it also guaranteed a more efficient allocation of human and financial resources.

The scale at which the VWL operates is twofold. Co-operation exists at the district level and at the provincial level. The districts have arisen around the 7 key municipalities in Limburg. The districts make use of local plans as a blueprint for their activities. The content is decided upon by the municipalities themselves with a focus on the inclusion of jobseekers. A central issue is the regional problems concerning employment. Also relevant projects and activities are initiated from this level. At a higher level (provincial) a network structure was built. At this level sector plans were developed for different sectors of the economy. These plans are more strategically earmarked and describe labour market and employment policy problems within the sector. The initiatives come from a business level and focus on stimulating inflow of personnel in the sector.

Integrated strategy

The strategy of the Pact as expressed in the “Maasmodel” agreement demonstrates a good balance between and full integration of elements of demand and supply. As a result of a broad inventory of all actions and programmes in the region with an impact on employment prior to the Pact, the action plan built on existing local and regional policy in the area and combined a range of different areas of interest and opportunities with regard to employment creation. Also one of the main objectives stated in the action plan was to mobilise the various partners within a single integrated strategy, which entails an integrated approach in the sense that all partners agree to co-operate under the umbrella of the Limburg Pact.

The Pact from the start focussed on the most promising sectors for Limburg and concrete pilot projects within these sectors. Furthermore specific regional differences at the district level were taken into account. The strategy also contains elements of a preventive kind. In this context special interest was placed on education. Based on future developments estimated by RAIL²¹⁵, the regional labour market information system in Limburg, concrete measures were formulated. In this way it is possible to anticipate future quantitative and qualitative labour market shortages in a very early phase.

²¹⁵ Regional labour market information system

Innovative elements

The VWL follows an innovative approach (integration and co-operation between various stakeholders) to support employment. The dual region structure which the Pact claims is unique, inside the Netherlands and with respect to other EU-Pacts. Partners co-operate both on the provincial level and local or district level. It is uncertain whether such an approach would have been developed in the absence of the Pact. On the other hand it was – bearing in mind the developments at the national level – in the interest of all involved parties to sustain a regional approach to labour market problems. The Pact was an ideal opportunity to anticipate future development and so take over and preserve existing labour market knowledge and infrastructures.

In the early stages of its existence the VWL acted mainly as a think tank. In many pilot projects stemming from the policy and implemented by individual temporary project groups, innovative elements can be found. Within the projects new possibilities were created for sharing or passing outcomes on to larger areas or other sectors.

The Pact's specific objectives and progress

Period 1997-1999

The initial objectives of the “Initiatiefgroep” and hence of the Pact in the period 1997-1999 were to effect of an integrative approach to labour market problems, to create more jobs and to reduce (long-term) unemployment in the area. The network concept, in which all parties keep their autonomy but in which context the Pact to some extent influences policy and intervention by individual members, is of exceptional importance in this framework. Pilot projects focussed on creating new jobs as well as creating new ways of employing people and combining training with job placement.

In 1998 the partners agreed on the following four action programme priorities:

1. *Co-ordination of policy and resources*: facilitate co-operation between active parties in the regional labour market and co-ordinate actions taken by individual parties.
2. *Exchange of information, knowledge and experiences*: organise workshops for interested regional, national and European parties, use the internet as a medium to disseminate experience and good practice and attend meetings with other pilot-regions.
3. *Start up project and actions*: continuously set up new projects and develop project ideas to keep up with and to anticipate current and future labour market developments.
4. *Monitoring*: set up a monitoring system for the area as a benchmark for regional labour market development and indicator for the impact of specific Pact activities.

Appendix 2 gives an overview of specific projects in the period 1997-1999. Table 1 sketches the main results of the four priorities.

Table 1 Priorities and results Pact Limburg 1997-1999

Priority	Result
<i>Co-ordination of policy and</i>	All parties strategically active on the labour market are involved in the Pact. Hence more streamlining of policy took place. The partnership finally expressed its intentions in the

<i>resources</i>	"Maasmodel" agreement. The VWL facilitated a number of studies/projects: " <i>Door de polder naar de Maas</i> ", " <i>Inbedding van het VWL in de nieuwe structuurfondsprogramma's</i> ", " <i>Strategie afstemming fondsen</i> ".
<i>Exchange of information, knowledge and experiences</i>	Dissemination at the: <ul style="list-style-type: none"> - Regional level: Within the VWL information sharing primarily took place during meetings every two months. Also every quarter the newsletter "Pactnews" appeared, which holds the latest news concerning the VWL. Yet another VWL-initiative was the annual Limburgse Arbeidsmarktdag (Limburg Labour Market Day) (regional meeting where recent labour market issues were discussed, information passed and new ideas discussed). Also the local media on a regular basis paid attention to the activities of the Pact. Transfer of knowledge was further reached through a number of reports: "<i>Contourenplan sluitende aanpak Limburg</i>", "<i>Europese ontwikkelingen en het VWL</i>", "<i>Het Maasmodel: bestuurlijke samenwerking in Limburg</i>" and various local plans and sector plans. Also numerous brainstorm sessions and workshops took place. - National level: Pact co-ordinator participated in meetings of Dutch Pact co-ordinators. Transfer of knowledge and experiences between pacts. Mutual co-ordination and possible joint lobby. - International level: visits to meetings of other pilot regions
<i>Start up project and actions</i>	At the beginning of the action plan already three concrete projects were ready to start. During 1998 and 1999 other projects were set up and carried out. The number of projects on which the VWL had an impact totalled 12 (leverage effect).
<i>Monitoring</i>	In October 1998 a monitoring and evaluation model was set up. In this model each pact-objective is linked to 1 or more indicators (see appendix 2).

The period 1997-1999 was particularly important in the sense that it strengthened the coalition and opened new doors for future regional coalition building. Partly due to a change in focus in national employment policy the Pact went through a development that eventually led to the signing of the "Maasmodel" agreement. As a result of this development the objectives of the Pact for 2000 were slightly reformulated.

Period 2000-2001

The work plan for 2000, was based on the following objectives:

1. *Development of local plans*: key municipalities in the province are encouraged to draft a so-called local plan for the benefit of regional labour market development in the area.
2. *Development of sector plans*: social partners are encouraged to draft so called sector plans for the province as a whole or even on the level of South Netherlands, always to be elaborated in more detail on a regional scale.
3. *Activate "silent reserves"*: encourage particular groups (the long-term unemployed, women, the disabled etc.) to find work.
4. *(Further) develop a network structure*: reach a higher level of integration of sector and local plans, during which the VWL acts as a market place where partners (periodically) meet and contribute to the solution of the problem.

At the end of 2000 however new RAIL-information on persistent excess labour demand in certain sectors of the economy led to yet some other minor changes in the Pact work plan. The following five programme lines were defined:

1. *Activate "silent reserves"*: involve job seekers, immigrants and asylum seekers; "silent reserves" (women, disabled workers).
2. *Optimise workers employability*: encourage human resource management at the business level.

3. *Create better educational and training conditions*: more students, less dropout and the harmonisation of training and necessary skills.
4. *Realise better management at the business level*: encourage innovation, co-operation, efficiency, knowledge transfer etc. (activities take place in the framework of the Alliance South Netherlands).
5. *Co-ordination of policy and resources*: co-ordinate policy and resources on all relevant levels (local, regional, programme, project).

The monitoring report compiled by VWL gives insight into the progress of project activities. The monitor first appeared in 2000 and from then two times a year. Based on the most recent monitoring report (April 2002; draft version) the following results can be reported:

- all districts in the province of Limburg have set up regional platforms for labour market policy and intervention, specifically Maastricht-Heuvelland, Westelijke Mijnstreek, Parkstad Limburg, Midden-Limburg, Noord-Limburg and Weert.
- sector plans have been developed for the health care sector, the construction industry, the agriculture sector and value added logistics and the hotel-catering and tourism industry.

Furthermore projects were developed as an extension of specific programme objectives. Table 2 contains a description of these activities and their results in the period 2000-2001.

Table 2 Priorities and results Pact Limburg 2000-2001

Programme line	Result
<i>Activate "silent reserves"</i>	3 projects: 1. Asylum seekers and refugees (EQUAL; 2002-2004), 2. Unknown talent, 3. Mobilisation of disabled workers.
<i>Optimise workers employability</i>	Result: pilot-project employability: make 30-50 firms in each sector familiar with employability. Takes advantage of existing initiatives (e.g. Investors In People, "Erkenning Verworven Competenties").
<i>Create better educational and training conditions</i>	Results: <ul style="list-style-type: none"> - In the North and Centre of the province an educational advice council was established. Plan also for South of the region. Participating in council are business, government and educational facilities, which confer on relevant strategic policy issues. - In June 2001 a workgroup of VWL-partners was initiated whose main task was to formulate solutions and develop projects to reduce school drop out. In 2001 consultations were established to define each partners responsibility. - In August 2001 a project proposal was submitted under the INTERREG IIIA programme for the Euregio Maas-Rijn. The project aims at the integration of euregional competencies into mainstream educational bodies. Some partners of VWL contribute financially. Project proposal was approved (start July 2001).
<i>Realise better management at the business level</i>	Result: this programme line has become part of the Labour Market Plan for the South of the Netherlands. The plan is ready but the financial resources until now insufficient. 1 hopes to gain national support.
<i>Co-ordination of policy and resources</i>	Result: Policy is co-ordinated because all relevant parties on the labour market are represented in the VWL. The co-ordination of resources also takes place. Study on the degree to which the VWL projects connect with European and national policy and subsequent possibilities for financial aid. The project " <i>Hersteld vertrouwen in de toekomst</i> " is an example of a project for which European funding is now allocated.

Also a number of related activities/results can be mentioned:

- programme management training (72 people participated)
- labour market related section in EPD South Netherlands and other funding programmes;
- the ‘Limburgse Arbeidsmarktdag’ and internet site (www.vertrouwenspact.nl) and quarterly appearing newsletter “Pactnews”.

Indirect outputs and results relating to employment and economic development

As described in the previous section numerous actions were implemented under the Pact. The project fiches include descriptions of targets, partners and funding. However the monitoring data and project descriptions from the reports provide an insufficient basis for assessing the contribution the programme has made to improving the employment situation in the region.

The monitoring system was set up at the end of 1999 by the secretariat in co-ordination with the Province of Limburg to gather information on a central level and to check up on progress on these projects. Monitoring is kept up to date with information provided at the district and sector level. Information is acquired via telephone interviews.

As to the precise impact of the Pact on employment and economic development there is no exact date. Interviewees believe the Pact has positively contributed to the social-economic development in the region, however this is not backed up with hard quantitative material. The high level of attendance during Pact-meetings gives evidence of the added value of the Pact to individual members.

Generally speaking the conclusion is that the Pact has contributed to the organisation of employment policy in the Netherlands. Its direct impact on the regional labour market situation is limited and cannot be measured.

Additional benefits of the Pact

- Of great importance is the fact that the Pact came at exactly the right moment in time. Not only was there a clear call for a more regional and integral approach to labour market problems from the stakeholders in Limburg itself, but also the developments around the regional employment office created space for a new intervention policy. One major result is that existing networks and partnerships were preserved, which would otherwise have been lost.
- Another additional benefit of the Pact was the accomplishment of the “Maasmodel” agreement, which describes in detail the vision and approach of the various regional parties on the labour market.
- Another additional benefit takes place in the form of the SUWI-development, a development that changes the focus from a national to a regional approach to labour market problems. Regional platforms mainly have a co-ordinating, consultative and advisory function with regard to the co-ordination of policy and

resources, region-specific problems. They also aim at a more integrative approach to unemployment. In the Netherlands 5 pilot regions were appointed. Limburg was one of these regions. In 2000 the Pact became the basis for the regional platform. The approach taken by the Pact was very successful and gained ever growing acknowledgement and support.

- With this status as regional platform the VWL has gained additional opportunities for funding. Also partners in the VWL have agreed to continue their present input to the Pact in the near future and to work on an agreement on possible financial contributions. The network structure will continue to exist and will further be developed and expanded.
- The structure is also used in other policy fields in the Province of Limburg: innovation and tourism. In other provinces e.g. in the province North-Holland the structure used by VWL is also viewed with great interest.
- On an individual partner basis the Pact was particularly important for contacts and for accomplishing projects.

Management of the Pact

Based on the interviews the management of the Pact is discussed in this section from two different perspectives:

- Overall management of the TEPs
- Management of the Pact Limburg

Overall management of the TEPs

Some remarks that were made regarding the overall management of the TEPs were:

- Not clear in what way the exchange of (international) experience was organised and if this was done effectively. It was felt that in particular the meetings of the National Technical Assistance Experts lend themselves in principle for exchange of experience. However the meetings were not always organised in such a way as to facilitate this
- In that respect some criticism was also voiced regarding the role of DG Regio. Various reports were produced by the National Technical Assistance Experts on issues such as “Added Value, evaluation and implementation of the TEPs” and reports such as “The Pact’s Have Their Say”. For the parties at the national and local level it was not clear what has been done with these reports and if they have contributed to exchanges of experience across the EU.
- More generally it was not clear to what extent quarterly progress reports and other reports such as the Final Report on Pact Limburg were used in practice for monitoring the progress of the Pact.

Management of the Pact Limburg

The overall assessment is that the Pact in Limburg was managed efficiently. Within the budget, tasks were performed according to expectations (inform, prepare, manage projects etc.). Pact-members stress the broad belief in the mission of the Pact and dedication at the management level.

The Pact operates on two levels, namely an administrative level and a secretariat:

- The administrative level is responsible for strategic decision-making. On this level the partners of the VWL meet every other two months. In earlier stages of the Pact (1997-1999) management met once a month. Partners determine the agenda for the meeting.
- The secretariat, which was set up under supervision and command of the Pact co-ordinator, is at the heart of the VWL and is housed at the Province of Limburg. The secretariat's tasks are the preparation of meetings, communications, co-ordination and management of project and activities. The secretariat meets once a month.

With regard to the number of people devoted to the Pact, the Province of Limburg has dedicated 5 full time jobs to the secretariat. It functions more or less like the programme management of a European or national programme. In addition, individual Pact-members put in time and effort. The contribution of the Province of Limburg is essential for the functioning of the secretariat, in terms of staff time as well as financial resources.

Support provided by the national experts was considered very positive. Importance was especially attached to specific expertise on EU-programmes and contacts. The national experts monitored the progress of the Pact closely and offered technical assistance when needed.

There was little interest in the Pact from national authorities. Also interest in projects from outside Limburg was limited.

In terms of leverage of public and/or private funding, the contribution of the Pact is less obvious. On the other hand the interaction with other programmes and interventions is clear.

The Pact created the conditions for an effectively functioning labour market policy. In this context the Pact is more cost-effective than mainstream SF and other forms of assistance in the area.

Dissemination and networking activities

The experiences of the Pact (with Limburg being one of the 5 pilot-regions in the Netherlands for a regional platform) are disseminated in a broad context. Last March the Pact reported the latest developments to the Ministry of Social Affairs and Employment. The Pact has close and direct links with RPA-structure. Important target groups are other regions. Knowledge transfer takes place in IPO and VNG context. Links with other Pacts are limited and largely superficial. Two sessions with other Pacts took place, both of which were not attended by the national government. Dissemination of Pact results and methods is reached through workshops (presentation and discussion), network partners and the newsletter "Pactnieuws". The internet is an important tool for distributing knowledge.

In November 2001 the fourth Limburgse Arbeidsmarktdag took place. A total of 300 participants shared experiences and discussed in workshops. Also panel discussions took place with the heads of various public and business organisations.

In 2002 and 2003 a new project was set up under the name “Local actions for employment”. The project was co-funded by the EU. Ten organisations in 7 member states exchange best practice, information on programmes, instruments etc.. Enhanced co-operation between member states and regions area is aimed for. The information sharing will take place during 7 international conferences and via the website.

Mainstreaming

Mainstreaming and national policy

As stated before, the Pact approach has been introduced in the Netherlands at exactly the right moment in time. The Pact developments coincided with the development the concept, planning and eventually setting up of the Regional Labour Market Platforms (see chapter 1). This transition from Regional Employment Offices into Regional Labour Market Platforms happened relatively smoothly in Limburg. The successful implementation of the TEPs was one of the reasons why Limburg was selected as a pilot for setting up a Regional Labour Market Platform. In addition, the interviewees pointed to the fact that through the Pact, the integrated regional approach and the emphasis on co-ordination and co-operation between regional parties had already found its way to the relevant stakeholders in Limburg. Limburg now will be one of the first regions in the Netherlands to complete the process of establishing the Regional Labour Market Platform.

All three TEPs in the Netherlands have been able to ensure their existence after the EU funding will end. All three have had an impact on organising the regional and local players in the labour market in their working area. These players have become involved in making policy and looking for ways in which projects can become more effective and efficient by co-ordinating their actions. Furthermore the TEPs have set an example for other regions who are now working towards Regional Labour Market Platforms. The functioning of the TEPs also had an impact on the decision of the national government to fund Regional Labour Market Platforms.

The Dutch approach combines elements of the bottom-up approach that is characteristic for the TEPs on the one hand, and a more centralised top down approach on the other. The top down element is evidenced in the way that the concept of Regional Labour Market Platforms have been initiated and introduced by the Ministry of Employment and Social Affairs. Bottom up element is the way in which the platforms are organised by the regional parties themselves and the freedom that regions have to choose members from their region.

One additional comment that should be made regarding mainstreaming is that differences exist in the role and responsibilities of different actors between TEP and Regional Labour Market Platform. This is in particular the case for the province which played a key role in the organisation of the Pact, but who has no real duties or responsibilities in employment policy from a national point of view.

European acknowledgement and financial support laid the basis for the Pact to evolve into an effective platform and instrument for labour market policy and intervention in the province of Limburg. The VWL approach has become the blueprint for regional labour market platforms nation-wide. In general it can be concluded that the European TEP pilots played a positive role in the shift from a national to a more regional focus in the field of labour market policy in the Netherlands.

Mainstreaming and EU Policy

The activities of the Pact Limburg have amongst other things resulted in submitting applications for support under the Community Initiatives INTERREG IIIA and EQUAL. In that sense the TEP approach is also mainstreamed through the EU programmes in the region. The fact that under the EQUAL programme only labour market platforms are allowed to submit programme proposals encourages the movement towards the creation of regional and sectoral labour market platforms.

Other remarks that can be made regarding mainstreaming include:

- The Pact has contributed to texts on labour market issues in the EPD South Netherlands and other community initiatives like INTERREG III, URBAN, EQUAL and Leader+. Therefore in the period 2000-2006 the VWL can apply for EU-funding for labour market and educational issues.
- One of the priorities of the VWL (business management) has become a part of the Labour Market Plan of the Alliance South Netherlands. In this context national support may be obtained.
- This year Pact-partners contribute in terms of financial means. The existence of the Pact up until 2005 is guaranteed.
- For technical support the VWL has applied for EU-funding in the context of article 6 “Innovative Actions” of ESF.

Lessons

Partners perceive the VWL as very successful, although direct utility is not always as straightforward. On an individual basis the effort put in are not always fully compensated by the results. In this context it is of particular importance to stress the added value of the Pact for the region as a whole.

Another important aspect was the possibility of reimbursing the costs of human capital. Without this option the secretariat would have worked on a much smaller basis.

The main lessons based on the case of Limburg are presented below in the form of a strengths-weaknesses analysis

Table 2.1 Strengths and weaknesses Pact Limburg

Strengths	Weaknesses
<ul style="list-style-type: none">• Synergy resulting from the co-ordination of policy and resources.• A good functioning network is dependent upon	<ul style="list-style-type: none">• Hard to define Pact-contribution to employment situation• Financial assistance limited

<p>durable consultation</p> <ul style="list-style-type: none"> • New platform created; permanent and structural. • Local and sector plans has increased network structure • Projects executed following clearly defined objectives. • Transfer approach to national level. • Demand-side approach: labour market tool for economic development of the area. • Pact co-ordinator and secretariat as binding, continuous factors and initiators. • Involvement of all relevant parties. • Knowledge transfer. • Educational institutions and social security services (unique with respect to other RPA's). • Mainstream success is to a large extent dependent upon clear expectations of joint objectives. 	<ul style="list-style-type: none"> • Network based on personal involvement; loose network (informal) • Not much attention on a national scale (Ministry of Employment) • Monitoring of progress weak, no definition of concrete targets. • Hard to find funding for sector plans: social partners in VWL no budget for co-financing. Try to get money from sector funds at national level. • Pact dependent upon financial contributions Province of Limburg. • VWL-method not always known at lower levels in participating organisations. Hence projects are not always defined according to the local-sector approach. • Long way from policy at regional level to concrete actions at implementation level. • Visibility of activities VWL low; not visible to uninvolved actors. • Dependency upon central policy • Financial involvement besides Province of Limburg low
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National Report on the overall performance of the TEP Programme:

Austria

Prepared by: Dr Thomas Stumm, EureConsult S.A.

THE TEP PROGRAMME AS A WHOLE

1. THE MEMBER STATE CONTEXT

Social partnership is well established in Austria. There has been long tradition of social dialogue at national and Land levels.

In Austria, as in many countries, **responsibilities for labour market policy and economic development** are separated:²¹⁶

- The Federal Ministry of Economic Affairs and Labour (formerly the Federal Ministry of Labour, Health and Social Affairs, BMAGS) has overall responsibility for the national labour market policy and formulates the goals. The effective pursuit through the design and implementation of policy is the task of the public employment service (Arbeitsmarktservice, AMS). Back in 1994, the AMS adopted a decentralised structure with significant autonomy in policy design at the Land level. Concrete measures are implemented by the AMS at Land level (9 offices) and at district level (110 offices). Since then, social partners have been called upon to play a major role in the steering of the freshly decentralised public “labour market service” (Arbeitsmarktservice, AMS). In the partnership structures at each level, the employers are represented by the “Chamber of economy” (Wirtschaftskammer) and the “Federation of Industry” (Industriellenvereinigung), while workers are represented by the “Chambers of workers and employees” (Kammer für Arbeiter und Angestellte) and the “Austrian trade union federation”.
- Responsibilities for economic development are shared. The Land governments prepare economic strategies, spatial development policy programmes and what are effectively sub regional development plans in co-operation with specific “regional development organisations” (Regionalmanagements). The Federal chancellery co-ordinates policy at federal and Land levels, with the help of the Austrian conference on spatial planning (ÖROK), a platform for co-operation, grouping together representatives from government authorities at all levels and social partners.

Although the decentralised organisation of the AMS allows for flexibility in terms of policy in the regions as well as a degree of co-operation with certain regional institutions (e.g. the social partners are on the governing board of the Land public employment service), it does not foresee the institutional involvement of other important actors, in particular the Land governments and local authorities. Within this larger context, the territorial employment pacts (TEPs) could provide an opportunity to institutionalise co-operation between traditionally segregated labour market and economic actors.

At the end of 1996, the European Commission called for projects to be submitted in the framework of the programme “territorial employment pacts”. The Austrian

²¹⁶ **OECD**, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999. **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11, 2001. Final Report.

Ministry of Labour, Health and Social Affairs (BMAGS) was however not at all convinced of the European Commission's idea of launching a new programme providing TA for the setting up of so-called territorial employment pacts.²¹⁷ Despite these reservations of the Ministry, initiatives of 4 Austrian Länder - Salzburg, Tyrol, Vorarlberg and Vienna - were successfully recognised and finally approved by the Commission in March 1998.

In the light of the first favourable results from the 4 TEP-pilot projects launched in 1997, the Austrian Federal Government had already decided in 1998 to focus on "territorial employment pacts" as an effective measure of supporting the implementation of the national employment strategy. This political will was pressed, for the first time, in the "National Action Plan for Employment" of 1998 (NAP) and further extended in the NAP of 1999.²¹⁸ In addition, the Federal Government also actively promoted a comprehensive mainstreaming approach in the framework of the new Structural Funds programming period 2000-2006 (Austrian programmes for Objective 3 and EQUAL). With the changes for the new Structural Funds programming period for 2000-2006, the original EU pilot pacts were integrated into the funding of the mainstream programmes.

Today, TEPs are used successfully in Austria for implementing the European Employment Strategy and have significant potential in the future to contribute to the creation of employment. They are widely accepted by the national and Länder governments, but also by the organisations making up the traditional Austrian social-partnership and other actors involved in labour market policy.

2. THE OVERALL PACT PERFORMANCE IN AUSTRIA

Despite the traditional social partnership in the country, the EU pact approach of 1997 was considered something new in Austria. Although the Vienna pact could build upon an existing local pact (was it a local partnership rather than a local pact?), the other three EU pacts (Tyrol, Salzburg, Vorarlberg) were new initiatives at the very beginning.²¹⁹

The EU-pacts in Salzburg, Vorarlberg and Vienna operate at Land level, whereas the EU-pact in Tyrol operates at sub-Land level (covering the districts of Imst, Landeck and Reutte). The Salzburg and Tyrol pacts are eligible under Objective 5b of the Community's Structural Funds, while the others come under national Objectives 3 and 4.

As for many other EU pacts, the Austrian TEPs were sometimes founded on the initiative of government agencies. Besides Tyrol, Vorarlberg can be considered an exception to this role: the strong topical orientation towards the fight against long-

217 **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11, 2001. Final Report.

218 **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11, 2001. Final Report.

219 **Interview** with representatives of the national co-ordination office.

term unemployment has also led to a strong participation of various regional and local actors competent in this field.²²⁰

Initially (is this at the beginning of the Pact?), there had been an extensive and controversial discussion in Austria on the possibility of quantifying the outputs of the future EU pacts. In particular, the Vorarlberg pact representatives argued against a rigidly quantified approach, mainly as a result of their activities focussing on issues related to co-operation, which presented little scope for an elaboration of quantitative output indicators with regard to employment.²²¹

The Austrian EU-pacts focussed on the overarching objective of fighting increasing unemployment. They have introduced solutions geared to the needs of specific target groups in the labour market, which function as a kind of "testing ground" for identifying good practice and developing preventive strategies. The pacts focussed on measures to develop human resources (training schemes, employment aid, and equal opportunities), as well as schemes to integrate target groups and the unemployed in urban areas back into the labour market. Together, these measures accounted for over three-quarters of the overall budget and projected jobs. In this context, the Vorarlberg pact adopted a more narrow thematic approach focusing on the issue of long-term unemployment and aspects related to the subsidised labour market.

The Vienna, Vorarlberg and Salzburg EU-pacts have set aside an average of 80% of their total budget for the above measures. The Vienna pact has also allocated 7% of its budget to schemes to improve the economic environment of businesses, in particular through the establishment of advisory services. The Tyrol pact incorporates measures to develop endogenous potential, such as support for traditional small businesses, tourism development and the creation of new sources of employment. Together, these actions account for more than 23 % of its budget and over 37 % of projected new jobs. In addition, the Tyrol pact also provides for schemes to improve the economic environment of businesses, with particulate emphasis on marketing measures.

As in the case of other Austrian EU pacts, the initial scope of activities of the Vorarlberg pact was slightly adapted during the pact's lifetime.²²² Especially during the second period from 1999 onwards, the pact activities focussed more on a qualitative dimension (improving co-ordination and networking, improving the quality of labour market projects).

In the Austrian context, the TEPs have **certainly produced a positive added value (please explain further what this was)**. The individual EU-pacts set up in the 4 Länder have however contributed to different degrees to overall aspects such as social and economic cohesion/bottom-up approach, the creation of employment, the integration of a territorial development policy or the design of new approaches for co-

220 **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11, 2001. Final Report.

221 **Interview** with representatives of the national co-ordination office.

222 **Interview** with representatives of the national co-ordination office.

operation and co-ordination.²²³

- The Vienna pact and the Salzburg pact have made particular contributions to the design of new approaches for co-operation and co-ordination. (please explain what these new approaches were and how the pact contributed to this)
- The Tyrol pact has certainly contributed to an integration of the territorial development policy (please explain what the pact contribution was).
- The Vorarlberg pact, although based to a lesser degree on a broad bottom-up approach, has contributed to economic and social cohesion and to design new approaches for co-operation and co-ordination, especially in the field of long-term unemployment. (please explain what has been the pact contribution)

With the exception of the Vienna EU pact that could build on a pre-existing initiative, one can say that an important achievement of the EU pacts was certainly to initiate the setting up of new partnerships in the other Länder involved (Vorarlberg, Tyrol and Salzburg). Significant positive outputs could also be achieved in promoting closer cross sectoral co-operation between different administrative actors of the labour market policy and the regional development policy. Finally, the EU-initiative has also been able to ensure that a broader range of public, semi-public or private actors on the labour market are linked more closely together, even if this took some time to develop within the individual pacts.²²⁴ (How different was this from the existing partnership?) For the latter aspect, the Vorarlberg pact is a certainly a good example (please explain).

The Vorarlberg pact can also be seen as a very good example documenting that substantial learning processes have been initiated by the EU-employment pact approach. The Vorarlberg pact had intentionally been designed to exclusively aim at the possibilities of re-integrating the long-term unemployed into the labour market, with a particular focus on using schemes based on temporary employment or the so-called second labour market used in other Austrian Länder but not in Vorarlberg. Although a recent OECD-study²²⁵ had criticised to some extent the narrow focus of the pact, Vorarlberg partners did succeed in initiating a debate on the appropriate measures to combat long-term unemployment. However, in the year 2000, the Vorarlberg pact was prolonged with a substantially increased scope and different focus for its future strategy (please specify, I assume that the different focus is on quality rather than job creation).²²⁶

Despite the rather positive results of Austrian EU-pacts at the end of their life cycle, most of the EU pacts in Austria had initially (please confirm that this was at beginning of the pacts) not the intention to continue their activities.²²⁷

²²³ **Interview** with representatives of the national co-ordination office.

²²⁴ **Interview** with representatives of the national co-ordination office.

²²⁵ **OECD**, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999

²²⁶ **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11, 2001. Final Report.

²²⁷ **Interview** with representatives of the national co-ordination office.

In addition, a number of **negative aspects** were experienced during the implementation process of the EU pact programme:²²⁸

- A first issue was the time constraints prevailing during the elaboration phase of the EU pacts. This has sometimes led to a rather limited involvement of key stakeholders in the areas concerned. (does this concern all 4 pacts? Do you know who else they would have liked to involve?)
- Another issue was that in some cases key actors such as the labour market service at Land level were initially preoccupied in defending their established position and in avoiding that new cross sectoral initiatives would interfere in their autonomous margin of decision-making with regard to labour market policy. The Vorarlberg pact is however an exception to this.

3. SUSTAINABILITY, MAINSTREAMING AND MULTIPLIER EFFECTS

The Federal Government has played a very important role in ensuring the sustainability and continuation of the pact approach.

At national level, first steps were taken in 1998 to provide TEPs with considerable additional assistance and support (was this additional financial support to the Pacts? I am not sure I understand the link between Teps and the NAP: Was the integration of a territorial dimension to employment into the NAP taken as a direct result of the launch of the EU Pacts? Or were the pacts seen as a key element to support some the implementation of the NAP as you say below and hence additional support devoted to the pacts?). The Austrian federal government decided in the **"National Action Plan for Employment" (NAP, 1998) to focus on "territorial employment pacts" as an effective measure of supporting the implementation of the national employment strategy.**²²⁹ This national mainstreaming approach in Austria was initiated by the new Ministry of Economy and Labour (influenced by the NAP), in close co-operation with other national ministries (the Federal Chancellery, the Ministry for Agriculture).²³⁰ In the NAP of 1999, this political will was even further extended. On the basis of the NAP, the focuses of labour market policy are aligned especially with economic and structural policy, educational policy and regional policy (please clarify how). Together with the employment pacts, the NAP elucidates how institutions at the federal, Land and municipal levels can better work together towards maintaining employment and creating new jobs, especially by combining resources, creating synergies and increasing effectiveness. This is an interesting aspect. How similar/different have the NAP and TEP approaches been? Again, was the NAP development initiated on the basis of the Tep approach or was is just a coincidence?

In parallel, **the Austrian Federal government introduced the TEPs as an essential element into the national approach for the Structural Funds programming period 2000-2006.**

228 **Interview** with representatives of the national co-ordination office.

229 **OECD**, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999. **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11, 2001. Final Report.

230 **Interview** with representatives of the national co-ordination office.

- Although the current ESF-regulation stipulates that as a horizontal measure TEPs should be taken into account of in all priorities for the programmes, Austria has decided to go even further and included a **separate priority for TEPs in the Austrian Objective 3 programme**. This mainstreaming of the pact idea gives all Austrian regions the same access to employment pacts. This change in the programme also implied that the 4 EU funded pacts had to be integrated in the NAP funded territorial employment pacts.²³¹ I am not sure I understand the causal link in the last sentence: why did the fact that the TEP were included into the Objectives 3 programme made it necessary to include the 4 pacts had to be integrated in the NAP?
- In addition to the Objective 3 mainstreaming, the Austrian programme for the **Community Initiative EQUAL** (2000 to 2006) also made reference to the pacts. In order to use existing local co-operation structures as much as possible, the creation of EQUAL "development partnerships" shall be carried out with the help of territorial employment pacts.²³²

The major **disadvantage** of this broad mainstreaming approach is obvious: it is a **top-down approach**.²³³ The challenge of this broad mainstreaming approach was therefore to create an environment within the regions, where local ideas can grow the bottom-up way and will be linked to the regional and national context. **How could this top-down approach be combined with a bottom-up approach and what solutions have been found to create sustainable territorial employment pacts in Austria?**

Quite early it became clear that the current Ministry of Economy and Labour was to play an important role, mainly through providing funds for technical assistance (for individual TEPs and networking among them) and by giving “overall guidelines” for co-operation and funds.

- Within the new Objective 3 programme, it was foreseen that each TEP (is this valid for any new pact or the previous 4 EU pacts?) would receive around € 180 000 funding per year. A “co-ordination office” that ensures collaboration, networking and the transfer of know-how between TEPs in Austria (and within Europe) will receive a further € 180 000 annually. This money is earmarked for the maintenance of the pact infrastructure, co-ordination, financing of innovative measures and evaluation of the pact. The idea is to ensure the assistance needed for building up some structures of co-operation within the regions. For several regions, the technical assistance provided under Objective 3 seemed to be the

231 **OECD**, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999. **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11,2001. Final Report.

232 **Zentrum für Soziale Innovation**, Koordinationsstelle der Territorialen Beschäftigungspakte: Jahresberichte 1999 und 2000. Territoriale Beschäftigungspakte in Österreich.

233 **OECD**, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999. **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11,2001. Final Report.

decisive factor for setting up a TEP.²³⁴

- ❑ As regards the organisational features of the new pacts, the selection criteria of the Austrian Objective 3 programme drew a distinction between co-operation partners that contribute financially, partners that have a decision-making function with regard to the contents, and partners being in a consultative function. In addition, specific “guidelines” for territorial employment pacts have been published in July 2000 to facilitate the preparation and implementation of an employment agreement for TEPs (do you have any further details/interesting aspects on this employment agreement. What does it consist of?).²³⁵ According to the principle of subsidiarity, TEPs are however entirely free to decide upon the needs that will be tackled (pact contents), the detailed work programme, and the concept of devolution will be applied.

These substantial changes enabled territorial employment pacts in Austria to reorganise themselves on the basis of previous experience. Although there is no common model that can describe the current situation of TEPs in Austria, a number of aspects may help to identify **basic characteristics and common trends in the Austrian pact design after the year 2000:**²³⁶ Do you have any indication of the extent to which these new characteristics result from lessons drawn from the existing back?

- ❑ In general, the **integration into national and indirectly also European policy priorities** was improved. TEPs that previously had only a relatively limited scope of strategy goals, such as the EU-pact in Vorarlberg, have substantially enlarged their set of goals and focus in the new pact period. (Is this to make them in line with the 4 pillars of the European Employment Strategy?)
- ❑ **All 7 Austrian Objective 3 pacts, with the exception of Styria, are organised at Land level.** An important advantage of Land level pacts is that they dispose over the necessary resources and decision-making powers to be effective. They can also draw on the relatively strong regional identity that exists in Austria. At the same time, the pacts operating at Land level have strengthened a more local operative level by adopting specific "devolution models". The Länder Kärnten, Oberösterreich, Tyrol and Vienna have created direct access to the regional level, mostly by integrating existing structures into the TEPs (I am not sure I understand. Please explain). In Styria, a Land wide territorial employment pact could not be agreed upon due to political problems. As a consequence, 5 local territorial employment pacts were created. These are considered independent pacts

²³⁴ **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11, 2001. Final Report.

²³⁵ **Zentrum für Soziale Innovation**, Koordinationsstelle der Territorialen Beschäftigungspakte: Guide to Territorial Employment Pacts in Austria 2000-2006.

²³⁶ **European Commission**, DG EMPL-Peer Review Programme 2000: Territorial Employment Pacts in Austria: Joint use of opportunities. Vienna, May 10-11, 2001. Final Report. **Zentrum für Soziale Innovation**, Koordinationsstelle der Territorialen Beschäftigungspakte: Jahresbericht 2000. Territoriale Beschäftigungspakte in Österreich. **OECD**, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999.

operating under a set of common standards and are co-ordinated by the national co-ordination agency.

- ❑ With regard to **financial resources**, one can observe that in all 7 Austrian Objective 3 pacts at Land level the labour market service at Land level and the Land government are participating financially in the implementation of the work programme. The "federal agencies for social affairs and handicapped" (BSB) were included for the first time in 3 pacts as a budgetary contributor. But also the social partners are financially contributing to 2 pacts. Do they all fund TA only or do they support projects too?
- ❑ Some Austrian TEPs organised their **working methods** by means of written rules of procedure. In all 7 Austrian Objective 3 pacts that operate at Land level, the labour market service at Land level and the Land government decide on the contents and the implementation of the work programme. By the year 2000, social partners had a decision-making function in five Austrian employment pacts. In addition, specific "know-how" actors such as local authorities, educational councils, enterprises or regional agencies of the labour market service were sometimes included in the pacts on expert basis. A specific effort was made to include non-governmental organisations and experts for gender mainstreaming in the institutions of the individual pacts.
- ❑ In general, the **number of actors involved** in the TEPs was increased. Many pacts recognised the necessity to include educational institutions and also the local level was increasingly involved in the territorial employment pacts (especially in Upper Austria, Vorarlberg and Tyrol). However, Land level pacts may also be too large to involve all relevant actors. Due to the fact that pacts were founded on the initiative of the government agencies (those under the NAP and Objective 3), they tend to function as co-ordination bodies between the Land AMS and the Land governments and therefore exclude other significant regional actors (e.g. private sector companies and NGOs). In fact, one can observe that private sector as well as NGO involvement still remains negligible at the level of partners in the pact.

In the year 2001, the national unemployment rate in Austria fell from 6.5% (2000) to 6.1%. The TEPs in Austria has been an important instrument to achieve these improvements in the labour market, as they are the essential part of the regional initiatives to create new employment (Is there any evidence?). During the year 2001, TEPs in Austria have implemented labour market and employment creating measures with a volume of about 300 million EUR. The figure is certainly impressive, although it must not be forgotten that the pact's expenditure is not additional expenditure but existing funds that are now being channelled through the TEPs.²³⁷

If one looks at the dominant factors²³⁸ that encouraged the creation of local partnerships and territorial employment pacts in Austria, one can derive a **number of**

²³⁷ **Zentrum für Soziale Innovation**, Koordinationsstelle der Territorialen Beschäftigungspakte: TEP-news, 4/2002: TEPs in Österreich. Rückblick auf das Jahr 2001.

²³⁸ **OECD**, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999

important lessons:

- A first factor stimulating the creation of local partnerships and TEPs was the decentralisation of the public labour market service back in 1994. A second factor was the growing experience of Austria in implementing the EU Structural Funds on a partnership basis since 1996. This experience also highlighted the need to better co-ordinate the highly fragmented Austrian system of actors intervening in the field of structural policy (at Federal level, at Land level and between these levels). The EU-TEP programme of 1997 was launched in the middle of this process of change in the institutional framework for structural policy in Austria. Within this broader context, the first implementation results of the individual pilot EU-pacts have certainly contributed to the fact that national authorities changed their initially hesitant attitude towards the EU approach. Why is this? What did the TEP demonstrate?
- More recently, another decisive influence for generalising the TEP approach throughout Austria was certainly the creation of the “national action programme for employment” (NAP) and the initiative of the Ministry of Labour, Health and Social Affairs to encourage the setting up of TEPs in various other Austrian Länder that did not receive funding support from the European Union's TEP programme. This national step was subsequently fostered by the decision of the Austrian government to introduce the TEP approach as an essential element into its new Objective 3 programme for the Structural funds (2000-2006) and to give TEPs an important role in implementing the EQUAL Community Initiative.

SECTION II: TEP VORARLBERG

The Background to the Pact

The Land of Vorarlberg is situated in the extreme west of Austria and is, with an area of 2.601 sq. km, the second smallest federal state after Vienna. Vorarlberg borders on Germany in the North, on Switzerland in the West and South and on the Principality of Liechtenstein in the South West. According to the 1991 census, the population was 331,742 or 4.3% of the total Austrian population. Vorarlberg is characterised by above average population growth, which is predicted to rise to 377.000 inhabitants by the year 2005 as opposed to only slight increase for Austria as a whole.

The **economy and the employment structure**²³⁹ of the Land are dominated by the secondary sector and heavily depending on exports, with the resultant strong pressure to rationalise and redundancies.

The economy of the Land is characterised by an SME structure. At approximately 2.7%, the proportion of agricultural and forestry activity is distinctly lower than the national average. The manufacturing sector is still very strongly represented with a figure of around 45%. The proportion of

²³⁹ **Initial action programme** for the Vorarlberg pact (Konzept für den Beschäftigungspakt Vorarlberg, BPV)

service sector activities, at 51.4%, already exceeds Vorarlberg's traditional manufacturing sector to a considerable extent. The textile and clothing industry, which used to display a clear dominance, has become much less significant over the past few years, being replaced by metal processing as the strongest value added area in the goods production sector.

On the Vorarlberg labour market, unemployment problems were almost insignificant in this region until 1990. But since then, unemployment has more than doubled. The regional labour market also suffered from a fall in the number of cross-border commuters. The initially prevailing features of the labour market are the following:

- Since 1990, a steady increase in long-term unemployment can be observed in Vorarlberg. The number of those being unemployed between 6 and 12 months has increased by 5 times and the people being unemployed for more than a year has increased by eight times. How does this broadly compare with national trends?
- Of particular concern is the large number of older people and those with placement handicaps who can no longer be integrated into the regular labour market. The public "labour market service" (AMS) estimates that their number could increase by a further 26% by 2000 (on the basis of 1996 figures).
- There are also problems with the integration of young school leavers into vocational training and the reintegration of women once they have brought up a family.
- The population has a relatively poor skill level, with a major part lacking the ability to obtain higher qualifications and thus totally exposed to structural change and the new skills demanded.

The **employment policy and intervention context in Vorarlberg** is characterised by the traditional labour market instruments prevailing throughout Austria, which is supplemented by the existence of a large number of specific instruments/initiatives that aim at counterbalancing negative employment market developments for specific target groups (could you please specify what these instruments and initiatives are?). In fact, the Land Vorarlberg has the densest network of independent labour market project promoters within Austria.²⁴⁰ These instruments and projects aim at young people (searching for training or being unemployed), at the disabled, at people being affected by structural change and at jobless women.

Already before the initial **application process** for the EU-pact, the president of the Vorarlberg Land government invited other representatives of the government, the Vorarlberg labour market service (AMS), the social partners and all political parties represented in the Land Assembly to discussions on the relentless rise of the number of unemployed since 1990. The agenda of this "social partners summit meeting" of December 1996 was to analyse the economic and employment situation, the result of which was an action programme to fight unemployment, in particular long-term unemployment.

²⁴⁰ Interview with the representative of the public employment service

With the launching of the EU-TEP-programme, the future pact partners in Vorarlberg have elaborated an action programme that was adopted during a first meeting of the pact-monitoring committee in October 1997. During this meeting, the participants also elaborated a formal partnership agreement for the future EU-pact. The pact-action programme was approved by the Commission in March 1998.

At the beginning of the second phase of the Vorarlberg-pact (1999), certain modifications had been introduced into the initial pact action programme. These modifications caused a shift away from purely quantitatively orientated pact activities (specific activities aiming at the achievement of quantitative labour market results) towards an increase of activities that aim at improving labour market projects carried out by specific actors in the Land (quality management approach, documentation system).²⁴¹ Could you please expand on what was the rationale for such a shift of emphasis? I.e. they did not achieve a lot in terms of employment creation or they realised that the added-value of the TEP approach was elsewhere (if so what was it?)

Already during the second half of 1998, a **positive trend on the Vorarlberg labour market** could be observed that was continuing up to the end of the pact's life cycle. In June 2001, the unemployment rate in Vorarlberg was at 3.7%. The labour market data by the end of August 2001 reveal that long-term unemployment in Vorarlberg could be significantly reduced in the last 4 years. In August 1997 a total of 2.168 people had been without employment for more than 6 months, whereas by August 2001 their number has decreased to only 727.²⁴² How do these figures compare with national trends?

Direct outputs and results of the TEP

The Vorarlberg EU pact operates at Land level. Its **overall mission** is specified in the initial action programme, which contains 3 basic objectives:²⁴³

- The implementation of a niche employment programme that offers temporary jobs for a maximum of one year, in particular to long-term unemployed woman in the following areas: home help, visits and companion services, cleaning, washing and repair services etc.
- Systematic polling of voluntary organisations to find work for the long-term unemployed: ranging from office work, environmental protection and renovation to activities in sports, science and culture. As with the above-mentioned niche programme, the jobs are temporary and payment arrangements are agreed collectively.
- Development of existing employment initiatives: for many target groups there are already employment initiatives running in Vorarlberg, such as those for young people, women and the handicapped. The idea is for these to be more closely networked by and to organise exchange of

²⁴¹ **Interview** with the representative of the pact office

²⁴² **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

²⁴³ **Initial action programme** for the Vorarlberg pact (Konzept für den Beschäftigungspakt Vorarlberg, BPV)

experience and closer co-operation.

BOTTOM UP APPROACH

The Vorarlberg "social partners summit meeting" of December 1996 has already defined a strategy for combating long-term unemployment, which has laid the foundations for the future EU-territorial employment pact.

Subsequently, the public labour market service in Vorarlberg (AMS Vorarlberg) was the driving force in elaborating the EU-pact submission. During this drafting process, also other partners were involved on a flexible basis (do you know which one? What was their involvement?).²⁴⁴ During the coming years, all initiatives and projects have been closely elaborated and agreed among all partners of the pact partnership and the platform of the Vorarlberg labour market projects.²⁴⁵

Over the lifetime of the EU pact, partners in Vorarlberg have achieved a strong common understanding of the overall strategy objectives, which is mainly due to the relatively small size of the Land and to the pre-existence of informal networks or horizontal initiatives (the social partners summit meeting of December 1996). The EU-pact strategy therefore was clearly a local approach.²⁴⁶

BROAD BASED PARTNERSHIP

According to the structural features, the pact partnership was a qualitatively new partnership in the Land Vorarlberg (please explain what you mean by qualitatively new).²⁴⁷ In distinction to many other European or Austrian EU-pacts, the Vorarlberg partnership can be considered a very broad partnership involving all essential stakeholders of the regional context.

Under the Vorarlberg employment pact, a number of partners are acting together that were already participating in the "social partners summit meeting" of December 1996:

- the Vorarlberg Land government,
- the chamber of economy (Wirtschaftskammer),
- the industrial employers' federation of Vorarlberg (Industriellenvereinigung),
- the workers and employers chamber in Vorarlberg (Kammer für Arbeiter und Angestellte),
- the Land executive of the Austrian trade union federation,
- the Vorarlberg local authority association (Vorarlberger

244 **Interview** with the representative of the public employment service

245 **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

246 **Interview** with the representative of the pact office

247 **Interview** with the representative of the pact office

- Gemeindeverband),
the Vorarlberg labour market service,

In addition to the above-mentioned partners, the most important NGOs in the region were formally included into the partnership. The Caritas charitable organisation of the diocese of Feldkirch was a partner since 1997, whereas the "labour market initiative of the Feldkirch district" (Arbeitsinitiative für den Bezirk Feldkirch, ABF) joined the pact only by January 1998. Within the ABF, also local authorities of the districts are fully represented wherefore a close connection to all relevant local actors is assured.²⁴⁸

INTEGRATED STRATEGY

Considering the major problems prevailing in the Land, the Vorarlberg EU pact strategy was very much focused on long-term unemployment. Within this strong thematic focus, 1 can say that the strategy approach presented a relative equilibrium between demand and supply side aspects. The objectives and a broad range of pact actions try to further improve links between those providing labour market assistance ("suppliers" such as AMS) and those non-governmental actors running specific labour market projects (they can be considered the "demand-side").²⁴⁹

This narrow focus of the initial Vorarlberg pact has the advantage of "filling a gap" and of not placing the pact in direct competition with existing provisions. There are also disadvantages: The narrow focus gives the pact a very limited strategic perspective and no integration potential with other measures that might constitute an integrated, cohesive employment and economic development approach for the Land. In addition, it limits the ambition of the pact regarding cross sector co-ordination and integration.²⁵⁰

Innovative elements

The most innovative elements of the Vorarlberg pact have been the following issues.²⁵¹

- The elaboration of an external study on the personnel and economic situation of labour market actors running specific employment projects (Action 1, see below).
- The elaboration of a database and a documentation system on these activities that is unique in Austria (Action 1, see below).
- The launching of a "quality management approach" for labour market projects (Action 1 and 6, see below).

²⁴⁸ **Interview** with the representative of the pact office

²⁴⁹ **Interview** with the representative of the pact office

²⁵⁰ **OECD**, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999

²⁵¹ **Interview** with the representative of the pact office

- The setting up of a platform co-ordinating and organising the demand-side of the labour market (actors running specific projects) and stimulating co-operation or joint activities among them (Action 1 and 6, see below).

The Pact's specific objectives and progress

Considering the overall mission of the EU-pact in Vorarlberg and based upon the assumption that there are socially beneficial opportunities for employment in the personal service sector that are not being exploited either by the market or public sector, the initial action programme foresees 7 pillars that should form an integrated intervention strategy.²⁵²

- ❑ **Action 1, summarising the existing activities that aim at creating additional employment possibilities for the long-term unemployed:** The aim is to put together information on the currently initiated employment projects in Vorarlberg and to assess their performance through an external study.
- ❑ **Action 2, raising the awareness as regards the issue long-term unemployment:** The aim is to combat the negative image that long-term unemployment has in the minds of the Vorarlberg population and to promote the measures implemented by the Vorarlberg employment pact.
- ❑ **Action 3, implementation of a niche employment programme for the long-term unemployed women:** the aim of this activity is to provide for acquisition, organisation and accompaniment of timely limited employment opportunities especially for long-term unemployed women and their reintegration into the regular labour market. In the framework of the employment pact, only the above-mentioned aspects shall be financed, whereas other activities will be supported by the active labour market policy implemented at federal or Land levels.
- ❑ **Action 4, systematic acquisition of new, additional employment opportunities for long-term unemployed people in the voluntary sector:** the aim of this activity is to increase timely limited employment opportunities in the framework of non-profitmaking charities or associations that are particularly well developed in Vorarlberg. Within the employment pact, only activities related to raising awareness and to demanding job opportunities as well as to the organisation of specific networks for job transfer will be financed.
- ❑ **Action 5, extension of the existing employment initiatives:** this activity aims at exploring whether and how existing employment initiatives in Vorarlberg could be further extended.
- ❑ **Action 6, networking of employment initiatives:** this activity aims at networking the large number of employment market initiatives carried out

²⁵² Initial action programme for the Vorarlberg pact (Konzept für den Beschäftigungspakt Vorarlberg, BPV)

by charity organisations and associations in Vorarlberg for specific target groups. The objective is to gain additional synergy effects by gathering such regional employment initiatives into a "platform". This platform shall enhance joint exchange of experience and possibilities for co-operation and give the opportunity to discuss scope for improvement with regard to a reintegration of specific target groups in the regular labour market.

- **Action 7, sound reintegration concept for the long-term unemployed:** this activity of the employment pact aims at creating the basis for the elaboration of a coherent concept for the reintegration of the long-term unemployed, especially by gathering all important actors of the local labour market.

These 7 initiatives were intended during the running period of the EU-pact in Vorarlberg to create additional temporary employment opportunities for 200 long-term unemployed people and to reduce by 20% the number of those being unemployed for more than six months

As in the case of other Austrian EU pacts, **the initial set of activities of the Vorarlberg pact was slightly adapted** during its lifetime.

In January 1998, a first assessment regarding the possibility of implementing specific measures foreseen by Actions 3 and 4 of the Vorarlberg pact has revealed that the initial programme of the pact needed to be modified. These modifications had been adopted by the monitoring committee of the pact and were transmitted to the European Commission.²⁵³ Why did they adapt? What was changed? Was this linked at all to the lack of policy support to action 3 that you mention in the conclusion.

Based on the positive experiences made during the first phase of the Vorarlberg pact co-operation, the partners have requested a prolongation of their operation period during an additional year.

Due to the changed framework conditions on the Vorarlberg labour market and as a consequence of first modifications of the action programme in 1998, a revised pact action programme was adopted for the period 1999 onwards. It concentrated on three main operational objectives:²⁵⁴

- the creation of a coherent documentation and monitoring system for all employment projects existing in Vorarlberg,
- the implementation of the "total quality management" (TQM) process through the implementation of a pilot project in the context of two employment initiatives,
- the "virtual networking" of the Vorarlberg platform of employment projects, mainly through implementing an Internet based homepage.

From now on (is this 1999?), the Vorarlberg pact activities concentrated

²⁵³ **Zwischenbericht** zum Territorialen Beschäftigungspakt Vorarlberg, Zeitraum Oktober 1997 - September 1998.

²⁵⁴ **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

mainly on a co-ordination and supporting role (gathering of material, co-ordination, elaboration of concepts etc.). This more qualitative dimension aimed at improving co-operation and networking within the Land (assuring quality management of labour market projects, avoidance of competition between labour market projects, creating synergies among them).²⁵⁵

Indirect outputs and results relating to employment and economic development

The **implementation of the 7 priorities of the initial action programme (1997-1999)** was partly successful, wherefore the initially defined quantitative targets for pact activities were only achieved to a certain extent.

According to the Vorarlberg pact office representative, the implementation of Actions 1 and 2 (preconditions for networking, awareness raising) has been satisfactory and can be considered a success (please explain why). The best results were however achieved through the implementation of Action 6 (networking) (please explain why). The implementation of Activity 3 and 4 is not considered very successful (creation of additional jobs or new sources for jobs), as the expected outputs could not be fully realised in the course of implementation (especially Action 4). Within the running period of the EU pact, the expected results for Action 7 were not achieved as expected; in a long-term perspective these results will however be achieved.²⁵⁶

The specific outcomes by action set out below are useful but they mix direct and indirect outputs and results of the Pact. It would be useful if you could follow more closely the table included in the questionnaire to draw out what have been the indirect outputs and results of the Pact and what was the TEP contribution to these results. Under each action, it would be useful to identify what has been the contribution of the TEP to achieving these results.

The final report of the Vorarlberg pact summarises more detailed results that have been achieved in implementing the 7 priorities of the action programme.²⁵⁷

- **Action 1:** A first step was the elaboration of a brochure presenting all the labour market initiatives existing in the Land Vorarlberg. Such documentation previously did not exist. It aims at informing all relevant labour market actors in the region (social partners, local authorities, NGOs, counselling and consultancies, associations, enterprises) and was used by the projects a marketing tool. In addition, the external study assessing the quality and the impact of labour market projects in Vorarlberg has been carried out. During its implementation, a certain delay can be observed. The study was completed only in autumn 1999 and results have been presented to the pact monitoring committee by December 1999.

²⁵⁵ **Interview** with representatives of the national co-ordination office.

²⁵⁶ **Interview** with the representative of the pact office

²⁵⁷ **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

- ❑ **Action 2:** This action was mainly realised by the EU-pact through targeted information and public relations activities. During the lifetime of the pact, specific activities with regard to local media, exhibitions or the elaboration of media documentation and other information material were realised.
- ❑ **Action 3:** After examining the potentials of existing employment initiatives in Vorarlberg it was decided by the pact monitoring committee in 1998, that Actions 3 (and 4) of the initial programme would be implemented mostly by existing labour market initiatives. The creation of new initiatives was considered only in exceptional cases. The implementation of Action 3 (niche employment programme, especially for long term unemployed women) was handed over to existing labour market initiatives in the Land (the association "Herrlich-weiblich" in the Objective 5 area Bregenzerwald; the Caritas charity in the district Bludenz; the "Vorarlberg employment and training initiative" BAV in the districts of Bregenz and Dornbirn).²⁵⁸
- ❑ **Action 4:** This action aimed at creating additional jobs within the framework of the Vorarlberg pact. Between August and October 1998, numerous associations in the districts of Feldkirch, Bregenz and Dornbirn had been contacted (is this the TEP contribution?). By the end of 1999, a total of 16 additional temporary employment possibilities at non-profitmaking associations could be created (associations in the field of sports, culture are or children care). The activities in this specific field were not continued any further, mainly due to a certain reluctance of the associations and political decision-makers (danger to decrease the willingness of people to act on a voluntary basis).²⁵⁹
- ❑ **Action 5:** This action also aimed at creating additional jobs. The Vorarlberg pact was charged with the co-ordination of the different support institutions (Is this the TEP contribution?) . By the end of 1999, a total of 83 additional jobs for the long-term unemployed could be created. Taking into consideration that the average presence on a temporary job placement is around 10 months, the measure could create 199 additional temporary employment possibilities for the long-term unemployed. These results have been realised in the framework of 18 different projects together with 12 different labour market actors.²⁶⁰
- ❑ **Action 6:** Networking the numerous employment initiatives existing in the Land has contributed to an exchange of information and has increased the transparency between the projects. In addition, the "platform of employment projects" has encouraged a transfer of know-how among them and could create synergy effects (please give an example). Based upon the successful networking, necessary pre-conditions for a further step in realising the action programme could be created. In the year 2000,

258 **Zwischenbericht** zum Territorialen Beschäftigungspakt Vorarlberg, Zeitraum Oktober 1997 - September 1998.

259 **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

260 **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

specific quality management measures had been implemented in individual labour market projects with the aim to further raise their development potentials. In addition, a specific pilot project aiming at the improvement of the employability of long-term unemployed in the framework of the first labour market has been carried out. Besides a number of very important immaterial results, the project also achieved to organise 20 additional enterprise traineeships within the district of Feldkirch.²⁶¹

In overall terms, the number of people being unemployed for more than 6 months could be reduced by 66.5%, wherefore the objectives set in the initial pact action programme (reduction by 20%) could largely be achieved.²⁶² In quoting this positive result, one has however to take into consideration that the overall labour market situation in Vorarlberg had significantly changed during the lifetime of the pact. (What was TEP contribution?)

The implementation of the **activities foreseen by the revised action programme of the Vorarlberg pact (2000-2001)** have produced valuable results.²⁶³

- In co-operation with employment projects and the pact partners, an extensive database was planned and set up that contains all relevant information on employment projects. The database was implemented in all employment projects and in the Vorarlberg labour market service. It therefore assures a coherent gathering of data. The documentation system is also a novel instrument in Austria, wherefore this project was presented as innovative best practice model on a national "exchange mart" of Austrian pacts organised in autumn 2001.
- In parallel to the implementation of the documentation system, two employment projects had been subject to an extensive quality management process (TQM) that was implemented in collaboration with external evaluators. The assessment was concluded in summer 2001 and has led to the creation of a unified assessment and planning matrix, which will be implemented through the coming 3 years.

Additional benefits of the TEP

see above

Please summarise following the specified structure. This will help our final synthesis of results.

Management of Pacts

A distinct feature of the Vorarlberg EU-pact decision-making structures is that they formally include partners who do not contribute financially to the running costs of the pact. From the outset, two organisations were included that are

261 **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

262 **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

263 **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

active in intermediate labour market initiatives whose focus is the fight against long-term unemployment and reinsertion into the labour market.²⁶⁴

The initial action programme of the Vorarlberg pact designs **management structures at two levels:**²⁶⁵

At the **strategic level**, a "**monitoring committee**" was set up that manages the strategic implementation of the pact action programme. The pact monitoring committee is composed of representatives of

- the Vorarlberg Land government,
- the chamber of economy (Wirtschaftskammer),
- the industrial employers' federation of Vorarlberg (Industriellenvereinigung),
- the workers and employees chamber in Vorarlberg (Kammer für Arbeiter und Angestellte),
- the Land executive of the Austrian trade union federation,
- the Vorarlberg local authority association (Vorarlberger Gemeindeverband),
- the Vorarlberg labour market service,
- the executive of the pact secretariat.

In addition to the above-mentioned partners, the most important NGOs in the region were formally included into the partnership (Caritas charitable organisation of the diocese of Feldkirch; "Arbeitsinitiative für den Bezirk Feldkirch", ABF).

The tasks of the Vorarlberg pact "steering committee" are²⁶⁶ (is this steering committee the same as the monitoring committee mentioned above?)

- to decide upon the strategic implementation of the action programme and on financial and personal issues,
- to adopt cost profiles for individual measures and the mid-term and end-evaluation of the programmes implementation,
- to adopt aspects related to financial implementation of individual measures
- and to supervise and monitor the individual steps of implementation.

At the **operational level**, a **pact secretariat** was established and dedicated to a non-profit organisation.²⁶⁷ The "pact secretariat" works by using Caritas staff and premises. It is responsible for implementing and monitoring the various projects under the action programme, organises monitoring committee meetings and carries out publicity work.

During a pact monitoring committee in January 1998, the establishment of a

²⁶⁴ OECD, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999

²⁶⁵ Initial action programme for the Vorarlberg pact (Konzept für den Beschäftigungspakt Vorarlberg, BPV)

²⁶⁶ Initial action programme for the Vorarlberg pact (Konzept für den Beschäftigungspakt Vorarlberg, BPV)

²⁶⁷ OECD, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999

new consultative body for the pact - the so-called "**platform of employment projects**" (Plattform der Arbeitsprojekte) - was decided. The members of this body are representatives of all independent labour market projects or initiatives carried out in the Land Vorarlberg. The platform is managed and co-ordinated by the pact administration (is this the pact secretariat?), which shall ensure that projects are closely linked to the pact and that a larger networking of individual actors can be achieved.²⁶⁸ Could you please explain further what the mission of the platform was exactly?

Roles of key stakeholders involved in the implementation and management of the TEP

It would be useful to have an indication of what the roles of the various TEP partners has been in these various bodies (monitoring committee, secretariat etc). Did all partners have the same role?

The **work within the pact's monitoring committee** has functioned very well. However, mainly due to frequent time constraints and heavy workload, the representative of the Chamber of workers and employees in Vorarlberg was not very present in the steering group. The Chamber of economy in Vorarlberg (Wirtschaftskammer Vorarlberg) was regularly present in the steering group but cannot be considered a very active participant.²⁶⁹

As regards the **management by the "pact secretariat"**, its former executive rates the efficiency with "good". However, as the co-ordinator has no proper "power" within a pact, the secretariat executive had to operate in a delicate equilibrium and between the different interests involved. For instance, in case of delayed implementation, the co-ordinator could not "force" the actors involved in project realisation to timely deliver the outputs requested. A pragmatic approach was therefore adopted that sometimes needed time and patience as regards the timely "production" of results.²⁷⁰

At several occasions the **other Vorarlberg pact partners** have questioned their readiness to continue joint activities, especially when it came to request a prolongation of activities by the end of 1999. This was mainly due to unfulfilled expectations regarding the timely "production" of results within the framework of specific projects of the initial action programme (e.g. the external study of action no.1), which were hoped to come into effect during the first phase of the pact collaboration. However, the continuity of the pact was mainly assured by high-level representatives of the Land within the partnership that insisted on carrying on the activities.²⁷¹

268 **W. Michalek:** Langzeitarbeitsloseninitiative Vorarlberg (L.A.I.V.) - ein territorialer Beschäftigungspakt (In: Friedrich Ebert Stiftung: Europäisch denken - vor Ort handeln. Perspektiven lokaler Beschäftigungspolitik. Gesprächskreis Arbeit und Soziales, Nr. 93. Mai, 2000)

269 **Interview** with the representative of the public employment service

270 **Interview** with the representative of the pact office

271 **Interview** with the representative of the pact office

The territorial employment pact with its specific focus has contributed to raise the awareness on issues regarding long-term unemployment and the potentials offered by the second labour market. Very positive effects can be observed in the framework of institutionalised groups or actors (do you have examples of what these might be?). Especially the Chamber of economy in Vorarlberg (Wirtschaftskammer Vorarlberg) has significantly improved its initially hesitant position.²⁷²

Pact resources

Over the lifetime of the Vorarlberg pact, the secretariat was run with a human resources capacity of about 1,2 employed people. (Was this paid by TEP TA?)

The initial financial tables of the Vorarlberg pact action programme of October 1997 only contained specifications regarding the use and financing of technical assistance needed for the pact activities. In addition to that, another financial table was transmitted to the Commission that specified additional financial resources to be mobilised by specific pact activities (facsimile transmission of March 1998).

In total, the initial point of departure as regards financing can be described as follows:

- The initial financial tables provided for the pact action programme did foresee that Activities 1,2,4,6 and 7 would be financed by the technical assistance budget and would generate no additional direct mobilisation of other financial resources. Within this context, the total amount of 250.000 ECU has been earmarked for technical assistance, of which 50.000 would be mobilised by national co-financing.
- The remainder activities of the action plan (Activity 3 and 5) would mobilise additional financial means, which were intended to be drawn solely from national resources (Activity 3: 280.000 ECU) or national resources together with Structural Funds resources (Activity 4: national resources 1.000.000 ECU and Structural Funds 200.000 ECU).

At the end of the EU-pact, a total of 348.740 EUR were spent for the pact's co-ordination, of which 261.159 EUR came from the European Union. The remainder 25% of national contribution (87.580 EUR) was raised to a large degree by the public labour market service in Vorarlberg (64.000 EUR) and to a lesser degree by the Caritas, the Land and the platform of labour market projects. The cost efficiency of the pact activities is judged positively and especially at the level of individual projects very positively (impact of the study and creation of the database).²⁷³

Dissemination and networking activities

²⁷² **Interview** with the representative of the public employment service

²⁷³ **Interview** with the representative of the pact office

The initial action programme contained a specific priority on **information and dissemination** that aimed at combating the negative image long-term unemployment has in the minds of the Vorarlberg population and to promote the measures implemented by the Vorarlberg employment pact. This action was realised mainly through targeted information and public relations activities. During the lifetime of the pact, specific activities with regard to local media, exhibitions or the elaboration of media documentation and other information material were realised.

Very positive effects (do you have any evidence of these effects?) can be observed dominantly in the framework of institutionalised groups or actors of the traditional social partnership, but only to a lesser extent in the larger public of the Land Vorarlberg.²⁷⁴

Initially, **co-ordination and co-operation among the Austrian EU-pacts** has been organised by the Federal Chancellery, especially through organising half-yearly co-ordination meetings between the 4 EU-pacts. After 1999, a "national co-ordination office" was created in Vienna in order to lower the workload within the national ministries concerned by the programme (run by the "Centre of social innovation", ZSI). The newly created co-ordination office continued to organise the half-yearly meetings among both the initial 4 Austrian EU pacts the and newly created NAP-pacts. These national meetings have been very important, but also the transnational meetings that were organised by the European Commission.²⁷⁵

The possibility of meeting other Austrian employment pacts within the national network is considered a significant added value for the Vorarlberg pact. The exchange was established both with pacts set up under the EU programme and territorial employment pacts established under the Austrian national action plan for employment (since 1999/2000 onwards).²⁷⁶

But also **the exchange of experience at the European level** was important for the Vorarlberg employment pact. During numerous conferences and meetings organised by the European Commission, the Vorarlberg pact was able to receive important information and additional ideas to further develop its own activities. Do you have concrete examples? The Brussels meeting also gave the opportunity to present the own activities to other European TEPs.²⁷⁷ Finally, the Vorarlberg pact was also invited to other international seminars where it had the occasion to present its structure and its results.

Mainstreaming

In the year 2000, the Vorarlberg pact was redesigned and fitted into the national action plan for employment (NAP). In June 2000, the partners of the

²⁷⁴ **Interview** with the representative of the public employment service

²⁷⁵ **Interview** with representatives of the national co-ordination office.

²⁷⁶ **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

²⁷⁷ **Abschlußbericht:** TEP Vorarlberg (L.A.I.V.) 1997-2001.

Vorarlberg employment pact have signed a new co-operation agreement for years 2000 to 2003. The organisation of the new employment pact in Vorarlberg is distributed between a strategic level (steering group) and an operational level. The steering group consists of representatives of the contractual partners. Beyond this, special project groups can also be initiated. For the co-ordination and support of the employment pact Vorarlberg, a separate co-ordination office was installed.²⁷⁸

For the pact in the Land Vorarlberg after the year 2000 that was set up under the new Objective 3 programme in Austria, an enlargement strategy can be observed. The new Vorarlberg employment pact will concentrate to a lesser extent on issues related to the second labour market, which is mainly due to a modification of basic labour market settings such as a decrease in unemployment rate. The main objectives of the new pact in the year 2001 are the following: equal opportunity, training and particularly disadvantaged individuals on the labour market.²⁷⁹ In the new pact, the “platform” co-ordinating different labour market projects in the Land is continued. The partnership in Vorarlberg was however reduced, as the NGOs do not participate anymore mainly as a consequence of the changed objectives.²⁸⁰

In the framework of the Community Initiative EQUAL, the Vorarlberg pact will furthermore apply for 3 "development partnerships" whose areas of concern are closely related to the pact's three pillars. Beyond this, the Vorarlberg pact plans to implement a steering instrument on a supra-institutional level within the framework of the three pillars by the end of 2001.²⁸¹

Assessment of overall added value of the TEP

The contribution of the TEP to achieving Community priorities

The EU-Vorarlberg pact has strongly contributed to design new approaches for co-operation and co-ordination.

The representative of the public labour market service in Vorarlberg considers the achievements in this regard particularly positive, as networking among actors promoting specific labour market projects (Träger) was significantly increased. Within the pact, this was mainly achieved through elaborating a specific external study (Action 1) that assessed existing labour market projects and through setting up of a co-operation platform of labour market projects. The study contributed to harmonise the project market, gave an

278 **Zentrum für Soziale Innovation**, Koordinationsstelle der Territorialen Beschäftigungspakte: Territorial Employment Pacts in Austria, 2001.

279 **Zentrum für Soziale Innovation**, Koordinationsstelle der Territorialen Beschäftigungspakte: Territorial Employment Pacts in Austria, 2001.

280 **Interview** with the representative of the pact office

281 **Zentrum für Soziale Innovation**, Koordinationsstelle der Territorialen Beschäftigungspakte: Territorial Employment Pacts in Austria, 2001.

incentive to further professionalise project activities and to elaborate a documentation system that is now applied by all important actors on the labour market. The stimulation of stronger networking (Action 6) contributed to avoid competition among project promoters, increases a "pooling" of resources and encourages the definition of joint standards for labour market projects. This increase in co-operation of the "demand-side" is considered by the AMS-representative (supply-side) a significant advantage and progress, as projects now can be better negotiated and attributed at a regional context.²⁸²

But even those pact projects that failed during the implementation phase where considered a positive experience, as they allowed testing activities in formerly "unknown" fields of the labour market policy. They confirmed that certain actions with regard to the second labour market do not work out in the context of Vorarlberg.²⁸³

With regard to an increase in the level of employment or job creation through local development initiatives as well as human resource development, the Vorarlberg pact did not make significant contributions. It seems that the significant decrease of the number of long-term unemployed must dominantly be attributed to the overall positive development of the Vorarlberg labour market.

Benefits of the TEP-implementation method (including Structural Funds working methods)

According to the structural features, the EU-pact partnership was clearly a qualitatively new partnership (could you please explain what you mean by "qualitatively new"?) in the Land Vorarlberg. Within this EU-pact, the Land's public labour market service (AMS Vorarlberg) was from the beginning on one of the leading partners. But also the Land government and the NGOs have been very active within the partnership. Some actors in the local partnership were however sceptical with regard to the planned activities focussing on the second labour market. Throughout the pact partnership, one can clearly observe that mutual understanding on the issue grew, especially as concerns the Land representatives of the local economy (chamber of economy and businesses) and the promoters of specific employment projects in Vorarlberg.²⁸⁴

The composition of the EU-pact partnership can however also be questioned as regards its added value at Land level: In fact, both the EU-pact and the labour market service at Land level are steered by a committee where social partners are represented. Some of the tasks that the EU-pact in Vorarlberg is achieving could technically also be undertaken by the labour market service, although they could not have been carried out, under the current conditions,

282 **Interview** with the representative of the public employment service

283 **Interview** with the representative of the public employment service

284 **Interview** with the representative of the pact office

without the support given to the pact by the Land government.²⁸⁵

The most innovative achievements in the framework of the EU pact Vorarlberg had been²⁸⁶

- an increased awareness that activities on the second labour market are needed,
- the transformation of previously existing "informal networks" in the framework of the labour market policy at Land level into a more formal co-operation.
- the testing of activities that can / can not be carried out in the framework of the second labour market,
- the implementation of a benchmarking exercise, which allowed to improve the quality and the coherence on the project promoter market and to avoid unnecessary competition among various project promoters within Vorarlberg,

The multiplier and leverage effects of the TEP (financial dimension)

Mainly due to the re-definition of the initial Activity 3 (in 1998) and the new focus of the pact action programme after 1999 (qualitative dimension aimed at improving co-operation and networking within the Land), the overall multiplier and leverage effect with regard to additional financial resources from other actors must be considered rather limited.

Networking, dissemination and exchange of experience at EU level

see above

Lessons²⁸⁷

For the EU-pact, one can say that the thematic concentration on one specific labour market issue in combination with a broad conception of the pact partnership can be considered an advantage that allowed significant progress on the issue within the Land. With regard to the predominant local situation before the beginning of the EU pact, joint activities have succeeded in raising the awareness of institutional social partnership actors on issues regarding the second labour market. The importance and the role of second labour market activities are now well anchored in the overall labour market policy in the Land Vorarlberg.

The experiences within the Vorarlberg pact have however shown that truly partnership based work needs time. Every strategic decision needs consensus building among all partners that is not easily achievable. This means, partnership based implementation can slow down the decision-

²⁸⁵ OECD, Territorial Development Service: Local Economic and Employment Development. Local Partnerships in Austria. October, 1999

²⁸⁶ Interview with the representative of the public employment service

²⁸⁷ Interview with the representative of the pact office

making, even if there is a strong tradition of social partnership as in Austria.²⁸⁸

The main difficulties observable in the Vorarlberg pact dominantly concentrate on the failure of implementing a number of specific actions (Action 4), which were not supported by the political level in the Land.

288 **W. Michalek:** Langzeitarbeitsloseninitiative Vorarlberg (L.A.I.V.) - ein territorialer Beschäftigungspakt (In: Friedrich Ebert Stiftung: Europäisch denken - vor Ort handeln. Perspektiven lokaler Beschäftigungspolitik. Gesprächskreis Arbeit und Soziales, Nr. 93. Mai, 2000)

**National Report on the overall performance of the TEP
Programme:**

Portugal

Prepared by: Ana Leonor Sarmento, CIDECE, Lisbon

TEP PROGRAMME AS A WHOLE

Member State Context

Portugal has a centralised administrative structure. In fact, the central administration do not delegate competencies to regional entities, and the municipalities have their responsibilities restricted to local area. So, in general, they do not have responsibility nor experience to face several problems that regions and sub-regions need to solve. At the same time, it is rare to find a culture of co-operation and negotiation between social and economic partners in order to implement sustainable economic and social development strategies at local level. This situation made easier the implementation of an instrument that could contribute to a better co-operation between local institutions themselves and with national institutions.

However, the transposition of methodology with characteristics like the Territorial Employment Pact (TEP) must be considered as a delicate operation with, necessarily, experimental objectives, that is, as a pilot experience.

The TEPs appears as a European Commission initiative that involves different DG (Directorate-General). The Portuguese central administration tried to reproduce, in some way, the same model. In fact, two Ministries were involved in the Portuguese Pacts: the Ministry of Equipment, Planning and Territory Administration (MEPAT) – namely the Directorate General for Regional Development (DGDR) responsible for the ERDF management – and the Ministry for Labour and Solidarity (MTS) – namely the Directorate General for Employment and Vocational Training (DGEFP).

Three Territorial Employment Pacts were implemented in Portugal, involving three separate regions: Northern Alentejo (NA), Vale do Sousa (VALSOUSA) and Marinha Grande (MG). The selected areas resulted from an consultation process near the potential partners, that the Ministry for Equipment, Planning and Territory Administration had conducted. The definition of these regions were politically assumed by the Ministry mentioned above, but it was tried to maintain the bottom-up nature of the projects, that is, this ministry as well as the other central administration entities involved in the process – like MTS or IGFSE (European Social Fund Institute Management) – tried to plan the territorial interventions (mainly in the take-off moment of TEPs) and to do the necessary diligence to find financial support for the actions that would be developed by each Pact.

It is important to note that the Pact's actions should get financial support from the central administration, like any other actions, through an application of existing programmes in the CSF. So, the central administration entities involved in the process tried to persuade managers of the Community Support Framework programmes to consider the relevance and pertinence of projects framed in TEPs. At the same time, the DGDR, suggest the appeal to a budget line B5-500 "Projects of innovative actions in labour markets of Member-states". In the mean time, the DGEFP promote the integration of regions with TEPs as priority areas, in terms of the National Employment Plan 1998 implementation, in order to maximise the potentiality of projects framed in TEPs and to obtain financial support.

The National Employment Plan specifically mentions the Territorial Employment Pacts as a priority and as an instrument of territorial assistance, in particular in priorities 1 (*improving employability*) and 2 (*developing entrepreneurship*). Priority 1 expressly underlines the role of the territorial partnerships in elaborating a strategy and integrating the work of the institutional, public and private actors. Three of the twelve priorities areas for assistance defined by the National Employment Plan, are areas where TEPs were implemented. Priority 2 specifies that development of entrepreneurship, the establishment of regional networks and

the Territorial Employment Pact's constitute the methodological basis to improve the implementation of programmes and initiatives already in place at the regional and local level.

Attitudes of other actors

As far as others actors attitudes towards TEPs are concerned, trade unions have pointed out the extremely restricted scope of some interventions (the case of NA-TEP) and the absence of relevant questions for local labour markets such as the processes of modernisation of traditional industries (particularly important in Marinha Grande).

However, in general, trade-unions co-operated with the Pacts in the consultation process. Particularly in NA-TEP they had an active participation as partnership member.

Overall Pact Performance in the Country

The different nature presented by each TEP make difficult compare performance between them. However, we could say that the most successful attainment of VALSOUSA-TEP were the constitution of partnerships between different actors. In MG-TEP, the co-ordinators assumed the restricted success of this project because it had been left a lot to do, however, it is important to note that the small part of actions that had been developed had a great success. In the case of NA-TEP, the handicraft activities had been stimulated by the creation of a *Northern Alentejo Craftsmen Association* – ARANA and the certification process of these products are going on.

The three pilot experiences presented different characteristics in terms of social-economic context and geographical location as well as the nature of the projects itself. In fact:

- VALSOUSA-TEP (Northern Portugal) was focused in the “Employment Qualification and Sustainability”. The region suffers from poor social infrastructure, inadequate schooling and pre-schooling infrastructures. There is also an important High School dropout rate, a weak services sector and a significant regional dependence in work-intense industries (footwear, clothing and wood furniture) with competitive advantages obtained by low prices;
- Limited to the Marinha Grande municipality (located in the Centre Region), the MG-TEP had the objective of creating new working places in advanced technological companies, in order to reduce the regional dependence in glass-making and plastic industries, and diversify the local economy;
- NA-TEP covered a considerable number of municipalities grouped in the less developed NUTS II region of Continental Portugal (Alentejo). This region has a relatively old population and a high unemployment rate. The promotion of handicraft activities and local tourism was the main priority intervention area and the intention was to take advantage of the region's endogenous potential.

The analysis of the way the 3 Portuguese pacts met the 4 programme objectives shows that:

- ❑ **Bottom-up Approach:** The three pilot experiences have respected this approach. In fact, Action Plans were a consequence of local initiative that involved a great diversity of partners, for example, NGOs, local associations and others. In NA and VALSOUSA TEPs, “local initiative” had, in practise, a regional sense as far as its intervention areas are concerned.

- ❑ **Broad-based partnership:** All the 3 Pacts brought together important actors (public and private entities, associations and autonomous entities). Vale do Sousa was probably the best succeeded Pact in this respect, since a large number of partners (and actions) were involved. Even in MG-TEP – as pointed above, a Pact with a more restricted intervention area – an important number of local actors joined efforts to work together. However it is important to note that the 3 Pacts' common aspect was the almost total absence of private companies as well as financial institutions in what concerned the partnership – this brought some difficulties in terms of actions' development financing;
- ❑ **Integrated strategy:** this objective was, probably, the one where the Portuguese TEPs succeeded most. After an extremely pertinent regional/local diagnosis, coherent strategies and Actions Plans were built, including internal and external perspectives;
- ❑ **Injection of Innovation:** all Pacts were innovative in the Portuguese context, particularly seen in partnership build-up. The MG-TEP was, probably, the most innovative since central projects were present with strong synergies between them: the Training Centre for the Glass and Crystal Industry, the CACE (Support Centre for Enterprise Creation), the Training School and the Development Agency (connected to a risk-capital company). The NA-TEP was innovative as well, in the sense that, until this time, the certification process only exists for food products and NA-TEP create mechanisms to certify handicraft goods, too.

Added-value

The most important value-added of these experiences is the constitution of partnerships and the development of a habit of working together. At the same time, the TEPs allowed the identification and build-up of a coherent strategy to solve the most important development problems each region faces. In general, we can say that the 3 Pacts contributed to the economic and social cohesion in each territory of intervention, as well as promoted the integration of bottom-up and innovative initiatives in the territorial development policy.

Impact on Employment and Local Development

The impacts on local employment creation are more diffuse and difficult to measure. In the case of Northern Alentejo – the one with the higher unemployment rate in comparison to the other two regions – it was estimated that the creation of large number of jobs during TEP execution had occurred (see the NA case study), nevertheless it is not possible to know the direct relation to the NA-TEP.

Problems/obstacles faced

Despite specific problems/obstacles of each Portuguese Pact, there were some common difficulties and problems:

- Some projects faced financial difficulties, in part because the period of such Pacts coincided with the two latest years of the Community Support Framework 1994-1999 and in another part because of the small financial capacity of some partners;
- The existence of double “guardianship” of the Pacts (Ministry of Equipment, Planning and Territory Administration and the Ministry for Labour and Solidarity) made the dialogue between entities more difficult;

- There was no previous tradition in Portugal in partnership working, so there existed natural “take-off costs”.

Note that the lack of a financial support to develop the actions of each TEP, reduced, in some way, the attractiveness of this experience for partners with financial capabilities (such as major companies) that could have produced better results and catalytic effects.

That said, and considering these limitations, probably, it was difficult to have more and better results. Overall, it is considered that the Technical Assistance support was applied in an effective and efficient way, in agreement with the defined objectives in the TEPs.

Sustainability, Mainstreaming and Multiplier Effects

In relation to the Community Support Framework 2000-2006 for Portugal, the Pacts tried to insert some of their actions in the Regional Operational Programmes for 2000-2006 period. However, it is important to note that the actions that managed to be inserted in the mainstream SFs, achieved this because of the initiative of the promoters of the Pacts. The support of technical teams is another question that has been considered in a more general framework by the authorities, especially in Employment Regional Networks (which appears in the National Action Plan). It has been equally pondered, the appeal to resources like INTERREG in the NA-TEP case.

Lessons

The main lessons from these pilot-experiences are:

- It is very difficult to apply “good practice” of some countries in other territories with different culture and characteristics;
- In Portugal there is a lack of tradition in partnership working. This said, the results obtained by the 3 TEPs are interesting and promising;
- The Portuguese experience is interesting in terms of the diversity of territories, coordinators entities and selected partnerships;
- Finally, the Portuguese experience reveals that to improve the effectiveness of every bottom-up innovative initiative it is necessary also to plan and co-ordinate at a central level - that is, it needs the collaboration of the relevant central authorities as active partners because their major experience in defining and executing strategies could be an important help.

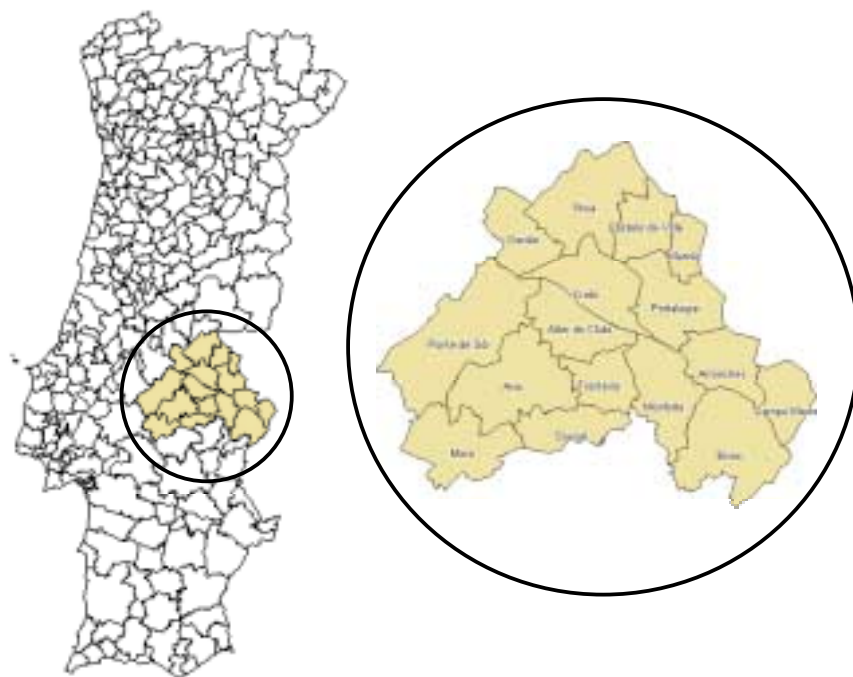
CASE STUDY – NORTHERN ALENTEJO TERRITORIAL EMPLOYMENT PACT

1 The Background to the pact

As mentioned above three Territorial Employment Pacts were implemented in Portugal: Northern Alentejo, Vale do Sousa and Marinha Grande. As far as the present evaluation is concerned, Northern Alentejo Territorial Employment Pact (NA-TEP) was selected for an in-depth study.

The geographical intervention area covered by NA-TEP includes 16 (sixteen) municipalities: Alter do Chão, Arronches, Avis, Campo Maior, Castelo de Vide, Crato, Elvas, Fronteira, Gavião, Marvão, Monforte, Mora, Nisa, Ponte de Sôr, Portalegre e Sousel (see Figure 1), which belongs to Portalegre District with the exception of Mora that belongs to Évora District.

Figure 1 – Map of NA-TEP geographical intervention



It is important to describe some characteristics of this region for a better understanding of the Pact's implementation.

Northern Alentejo had 6.527,2 Km² and 132.805 inhabitants in 2001, which corresponds to approximately 20 inhabitants by Km² (see Table 1). This figure is lower than the population density for Continental Portugal (110 inhabitants by Km²).

Between 1991 and 2001, the population has decreased in almost all municipalities of Northern Alentejo in contrast to what happened in the all country (-6% in Northern Alentejo, +4,6% in Portugal). Negative natural growth rates are the main cause of such a population decrease. The only municipality that has had a positive population growth is Ponte de Sôr (due to migration). There is a general positive balance of migration in the Territory, in the years considered, nevertheless there were 5 (five) municipalities where the opposite happened (Campo Maior, Elvas, Fronteira, Gavião e Mora).

These regional trends are related with an older population structure. In fact, Northern Alentejo has 169 old people per 100 young people, while Continental Portugal has 94 (see Table 1). Probably, the decline of the main economic activity of the region – agriculture – was not compensated by the development of other sectors – like commerce or industry (specially automotive component and cork transformation one) – and so, we find the poor demographic performance described above.

Table 1 – Some Indicators for Continental Portugal and Northern Alentejo

Indicator	Year	Unity	Continent	Northern Alentejo
Total Area	2001	Km ²	89037,4	6527,2
Municipalities	2001	N. ^{er}	4037	90
Resident Population - MW	2001	Individual	9869050	132805
Resident Population - M	2001	Individual	4765270	64174
Present Population - MW	2001	Individual	9733226	131198
Present Population - M	2001	Individual	4678593	63113
Population Density	2001	Inhab./Km ²	110,8	20,3
Birth Rate	1999	% ₀	11,5	9,0
Mortality Rate	1999	% ₀	10,8	15,9
Natural Balance	1999	% ₀	0,7	-6,9
Ageing Rate	1999	%	94,0	169,4
Level of Education Attained:				
None	2001	%	14,3	21,5
1. st Basic Education Cycle	2001	%	34,9	36,8
2. st Basic Education Cycle	2001	%	12,6	11,1
3. st Basic Education Cycle	2001	%	10,7	9,4
Secondary Education	2001	%	16,1	13,7
Medium Education	2001	%	0,7	0,5
Higher Education	2001	%	10,8	7,1
Unemployment Rate		%	4,1	13,9

Fonte: INE (infoline); unemployment regional rate was communicated by project promoters - in Second Interimm Report of TEP, European Commission, November 1999

Note 1: To calculate results to Northern Alentejo was considered Portalegre District and Mora municipality

Note 2: Ageing Rate = (N^{er} Old People/ N^{er} Young People) * 100

Despite Portugal has had 1 of the lowest unemployment rates in European Union, the Alentejo Region (and particularly the Northern Alentejo) has high unemployment rates – 13,9% – and a slack labour market. Connected with this fact, but not only, there are low levels of literacy, training and education attained by the population. For example, there is a high proportion of population with only the first four years of education (1.st BEC) and a small proportion with Secondary or Higher Education.

It is obvious that Northern Alentejo has serious development problems, since it makes part of a region named Alentejo, which has been integrated in Objective 1 of the Structural Funds. The European Union works to “promote harmonious development” and aims particularly to “narrow the gap between the development levels of the various regions”, in accordance with the Treaty.

Despite the worrying economic indicators, this region has an undeniable development potential. Its intact natural resources and preserved social, cultural and environmental models are assets that could contribute to resolve the unemployment and poverty problems. Stimulating the tourism, as well as develop activities and products based on traditional know-

how (handicraft activities) could be one way. So, there was a reason to develop a Territorial Employment Pact: there were problems in the region but there were some work areas that could be explored and developed to solve them.

The NA-TEP appears after a whole process that began in June 1996 with the European Commission communication (“Action for Employ in Europe – 1 Pact of Confidence”). After that the Regions Committee invited his own members to participate in the selection of pilot areas in order to create a network of TEP. In this context, *Regional Co-ordination Commission of Alentejo (CCRA)* president request *Planning and Development Regional Direction* to define a strategy to an eventual participation of Alentejo in the TEP’s European Commission initiative. Firstly the idea was to develop this pilot action in Alqueva area and in Guadiana riverside, with an eventual development to the all Alentejo. However, in consequence of the European Commission recommendations the candidate area was redirectionated to Northern Alentejo.

The European Commission only provides funds to Technical Assistance. It began in the end of 1997 and was supposed to finished at the end of 1999 (the same year of the conclusion of the Community Support Framework for Portugal), but NA-TEP had formulated its application to a complementary endowment of Technical Assistance for the January 2000 to December 2001 period, which was accepted by the European Commission.

The NA-TEP was co-ordinated and managed by *CCRA*, a disconcerted institution of the Ministry of Infrastructure, Planning and Regional Management and co-ordinated by *Employment and Vocational Training Institute (IEFP)*, an institution dependent of the Ministry of Labour and Solidarity.

Lack of government powers decentralisation means there was space to introduce this pilot project. In fact, before NA-TEP there was little tradition of co-operation between local institutions. Programmes such LEADER, PIPPLEA (Pilot Initiative for Employment Promotion at Local Level in Alentejo) or Integrate Operation for Northern Alentejo Development had small impact in the consolidation of a broad-based partnership. In this sense it was important to promote the dialog and work between different actors that worked separately but with same objectives.

2 Direct outputs and results

These pilot-experiences appear to develop a new work methodology (partnership). The key mission of the Pact was to stimulate partnership working between local actors allowing to create together a strategy to promote economical development and to create employment, taking advantage of the territory potentialities.

This section focus on those NA-TEP activities that directly contributed to achieving the 4 TEP specific objectives: creating a broad-based partnership, following a bottom-up approach, putting in place an integrated strategy and injecting innovation at local level.

□ Broad-based partnership

It was formed a new partnership performing new functions. To create a partnership the *CCRA* invited all actors considered important at local and regional level. After that, *CCRA* pointed out bilateral meetings to discuss the participation of each organisation in the project.

However the *Portalegre District Trade Union* was not included in the invited membership and questioned that decision. Later it became partner in the project. The partnership was formed by 27 members (see Table 2). Table 2 – Composition of NA-TEP partnership, identification of actions promoters and type of

partners

	Actions Promoters	Type 1	Type 2
Coordination of NA-TEP:			
Comissão de Coordenação da Região Alentejo - CCRA	Yes	AR	Pu
Co-Coordination of NA-TEP:			
Delegação Regional do Alentejo do Instituto do Emprego e Formação Profissional - IEFP	Yes	AR	Pu
External Evaluators:			
Instituto Politécnico de Portalegre		AR	Pu
Partners:			
Artesanato de Cortiças de Portalegre, Lda		L	Pv
Associação de Artesãos do Norte Alentejano - ARANA	Yes	NAR	As/Pv
Associação de Agricultores do Distrito de Portalegre	Yes	NAR	As/Pv
Associação Comercial de Portalegre		L	As/Pv
Associação de Comércio, Indústria e Serviços de Elvas		L	As/Pv
Associação para o Desenvolvimento em Espaço Rural do Norte Alentejano	Yes	NAR	As/Pv
Associação de Municípios do Norte Alentejano - AMNA	Yes	NAR	As/Pu
Agrupamento de Produtores Agrícolas e Florestais do Norte Alentejano, S. A.	Yes	NAR	As/Pv
Agrupamento de Produtores Pecuários do Norte Alentejano, S. A.		NAR	As/Pv
CACE - Centro de Apoio à Criação de Empresas do Alto Alentejo		NAR	Pu
Centro de Artesanato Regional de Nisa		L	Pu
Centro de Inovação Empresarial do Alentejo	Yes	AR	Pu
Câmara Municipal de Elvas	Yes	L	Pu
Delegação Regional do Alentejo do Ministério da Economia		AR	Pu
Delegação Regional da Cultura do Alentejo		AR	Pu
Direcção Regional de Agricultura do Alentejo	Yes	AR	Pu
Direcção Regional de Educação do Alentejo	Yes	AR	Pu
Escola Superior de Tecnologias de Gestão do Instituto Politécnico de Portalegre	Yes	AR	Pu
Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento	Yes	AR	Pu
Núcleo Empresarial da Região de Portalegre - Associação Empresarial	Yes	NAR	As/Pv
Parque Natural da Serra de S. Mamede		L	Pu
Região de Turismo de S. Mamede	Yes	NAR	Pu
União Geral de Trabalhadores - Delegação de Portalegre		NAR	As/Pv
União dos Sindicatos dos Distritos de Portalegre		NAR	As/Pv

Note: Type 1 : Local (L), Alentejo Regional (AR), Northern Alentejo Regional (NAR); Type 2: Public (Pu), Private (Pv), Association (As).

As could be seen in the table above, there is some balance between Local, and Regional (Alentejo and Northern Alentejo) Pact partners. However, there is a prevalence of public entities and non-profit associations.

As could be seen some, of them are active members – that is, promoting actions - and others have a less active role, like consultants. Also, there was a team from *Portalegre Polytechnic Institute* that was responsible for the External Evaluation and, at the same time, had a partner role.

The NA-TEP had a structure with 3 components:

- **Forum:** involved the full partners (see Table 2);
- **Technical Co-ordination Nucleus:** involving just the institutional co-ordinators of NA-TEP, that is, CCRA and IEFP;
- **Executive Commission:** formed by actions promoters (see Table 2).

The main results obtained by the constitution of a partnership consist in the possibility of formulate a consensus between the different ways of act of each actor, his different opinions, strategies and characteristics. Create one common culture of working together was the best attainment. It gave the opportunity of making together insights of regional problems and interacts permanently. It contributes to co-operation in the future, too.

However it is important to note that not all members co-operate with the same “commitment”. In fact, the European Commission just financed TEP’s Technical Assistance and partners should put in each project some human and financial resources. This was the reason why some potential partners turned away from the Pact activities at the beginning of the partnership constitution process.

□ **Bottom-up approach**

Follow a bottom-up approach implies that grass roots organisation and local entities had a real involvement in the definition and promotion of strategies. In this specific case, it was the Pact co-ordinators that define the guidelines and the main axis of NA-TEP after a research diagnostic: Handicraft activities and Tourism. Thus, the other Pact members just started to collaborate in the definition of an Action Plan Strategy.

All actions promoters have been involved in Executive Commission works. However, it is important to note that one of the important actions, the creating of the *Northern Alentejo Craftsmen Association* – ARANA – was not an idea that appeared from the bottom, that is, it was not an original project of craftsmen, but was promoted, mainly, by Northern Alentejo Association of Municipalities (AMNA) and CCRA.

□ **Integrated strategy**

It was created an integrated strategy to strengthen the craft sector and tourism on Northern Alentejo. The project started with 43 planned actions and finished with 74 planned actions.

These actions covered both perspectives, that is, the *supply side*, where were implemented training actions that allow development of human resources in traditional handicraft activities and in tourism, on the *demand side*, actions were developed to promote marketing and trade of handicraft products of Northern Alentejo. The job creation in these sectors was a less important aspect in the projects.

□ **Injection of Innovation**

The most important innovative element was the co-ordination efforts of different institutions to provide consistent response to the Northern Alentejo problems that was never done before in the region. It was this new working method that helped promote local handicraft traditional activities.

The creation of ARANA was feasible by the intervention of NA-TEP, although this idea was not born from a bottom-up methodology in a stick way. ARANA is responsible for an activity of primordial importance: certification of regional traditional products. Until TEP appears, only food products were certificates. The partnership, specially *Portalegre District Farmer’s Association*, helped in this project – because they had experience in food products certification – and tried to innovate in this sense (create a certificate for regional handicrafts products). This process was initiated, but it still has a long way until it is completed. Another important and innovate element that occurs in TEP period was the creation of an handicraft brand image for Northern Alentejo. This was a difficult task. It as generated some disagreements between partners (some of them appeared to want prominence but in the end a consensus was found). This initiative was important to promote traditional products in both national and international level.

3 Pact’s specific objectives and progress

The diagnosis of regional problems and the identification of endogenous potential - like the high quality, authenticity and diversity of handicraft products made in Northern Alentejo and the environment preservation – leaded co-ordinators to chose *Handicraft activities and Tourism* as the main intervention axis of the TEP. The basic objectives of this axis were:

- To promote the quality and genuineness guarantee of traditional handicraft products;
- To promote marketing and trade of traditional handicraft products;
- To encourage and support the appearance of innovative actions, in order to create local employment connected with handicraft activities and tourism;
- To dignify handicraft work and skills;
- To promote the sense of association in the sector;
- To promote the human resources qualification in the sector of tourism.

Being the most important axis regarding handicrafts and tourism, the target groups chosen were not only craftsmen, normally older workers and low skilled, but also some professionals from hotels, restaurants and other activities related with tourism

During NA-TEP, partnership members recognise the need to insert a new axis of intervention: ***Attraction of the population and Enterprise development***, with the purpose of diversifying the regional economy structure. The basic objectives of this axis were:

- To improve the dynamism of enterprise activity;
- To support investment;
- To promote co-operation and internationalisation;
- To promote the region through territorial marketing;
- To promote human resources;
- To qualify projects of structural nature;
- To promote research & development.

So, the Action Plan has become vaster, integrating one more intervention axis and, naturally, more actions. It had began with 43 planned actions and finished with 74 related to 5 different domains – valorisation of endogenous potential, economic framing of enterprises, infrastructures, valorisation of human resources and social insertion actions.

At the end of period for Technical Assistance, 50 actions were concluded and 18 were on going. Despite the end of the Pact, 53 actions are going to continue.

4 Indirect outputs and results relating to employment and economic development

Indirect outputs and results correspond to those outputs/results which have been achieved as a consequence of the Pact Technical Assistance, but have been financed by other sources of support.

The NA-TEP outputs could just be seen at medium or even long term. Thus, it is very difficult to measure the real impact of actions included in the NA-TEP nowadays.

However, some changes occurred during the 1997-2001 period in the Northern Alentejo Region:

- 1.517 ***new jobs*** were created in activities directly or indirectly related with tourism and/or craft skills;
- 179 ***vocational courses*** were conducted in areas directly or indirectly related with tourism and/or crafts skills, covering 2.093 ***trainees***;
- 160 ***enterprises*** were created in activities directly or indirectly related with tourism and/or crafts skills;
- 111 ***fairs*** were made in areas directly or indirectly related with tourism and/or crafts skills.

It is very difficult to say in what extension these figures could be directly linked to the execution of NA-TEP. The absence of concrete objectives and targets made difficult to build an efficient evaluation and monitoring system during the Pact. The execution of actions was

frequently balanced but its impact on the region's development and employment wasn't measured. However, most of NA-TEP members believe that the implemented actions had contributed for TEP goals.

Since unemployment is a structural problem²⁸⁹ in Northern Alentejo it were difficult to revert that situation betting on only in handicrafts activities and tourism in spite the potential of this sectors. However, between December 1997 and December 2001 the number of unemployed people registered in Employment Centres decreased (from 6328 to 4725, respectively) in Northern Alentejo. This is, probably, a consequence of different programmes and financial instruments for this geographical area.

5 Management of Pact

The co-ordination and the management of NA-TEP were assumed by CCRA and the co-co-ordination by IEFPP as was said. The role of these two entities could be summarised as following:

- Make the diagnosis of situation;
- Give a definition of objectives;
- Select, contact and enlighten the key actors;
- Co-ordinate and follow the implementation of actions;
- Give administrative and logistic support;
- Organise all meetings.

In October 1997, CCRA announced the team work composition, including the co-ordinator of Pact (Dr. Lopes Figueira) and staff of two technicians who gave direct support to the activities of NA-TEP members (1 from CCRA and the other from IEFPP).

The key obstacles and the main success factors in terms of NA-TEP management and implementation were:

□ Key obstacles:

- Absence of concrete objectives made difficult to build an efficient evaluation and monitoring system;
- Some lack of sensibility and interest from regional municipalities in the process of actions implementation;
- Weak participation of some partners;
- Weak adhesion of craftsmen at the beginning;
- Slowness (by European Union and Central Government side) in payments of the European Programmes that supported some actions;
- Difficulty in finding financial support for some projects, because actions started to be implemented at the end of Community Support Framework 1994-1999;
- Difficulty to obtain a consensus between partners in some aspects, like creation of brand image for Northern Alentejo.

□ Success factors:

- Promotion of a collaboration sense between partners – establishment of common and not individual goals;
- “Dedication” of co-ordinator entities;
- The partnership allow to knew better the working of each member and to foment future opportunities to co-operate;

²⁸⁹ Note that the majority of registered unemployed people at the end of the Pact (December 2001) were women (69%), the percentage of long term unemployed people (1 year or more) are 33,4% and the number of unemployed people with 35 years old and more represent 56,1% of total.

- Creation of the craftsmen association of Northern Alentejo – ARANA;
- Creation of handicraft brand image for Northern Alentejo;
- Beginning of the certification process of traditional local handicraft products.

Note that despite the ARANA creation had be well succeeded, at this moment it has some financial difficulties to go on.

Analysing the Pact resources, specifically funds sources for all period of NA-TEP activity (November 1997 to December 2001) can be verified that:

□ **Technical Assistance Financing executed :**

- European Union Public funds: 256.394,23 EUROS
- National Public funds: 64.098,56 EUROS
- Total: 320.492,79 EUROS

□ **Actions and Activities Financing executed:**

- European Union Public funds: 25.396.680,59 EUROS
- National Public funds: 5.838.056,61 EUROS
- National Private funds: 15.030.539,30 EUROS
- Total: 46.265.276,50 EUROS

Note that Technical Assistance finance expenditure items like:

- Costs with studies;
- Expenses with staff;
- Costs with displacements;
- Publications and promotion activities;
- Organisation of meetings, seminars and conferences;
- Expenses with equipment.

There was not much catalytic effect in terms of leverage of public and private funding, since the Pact was developed in a “turbulent moment” were the Community Support Framework for Portugal ends and the new Community Support Framework begins. In other way, it may be said that existed a general difficulty for private organisations to finance some specific actions.

We believe that the balance between the key obstacles and success factors pointed above is positive, that is, the success factors are more relevant than the less favourable aspects. Also, we believe that the output/results of NA-TEP are appropriate in terms of the public funds provided for Technical Assistance of NA-TEP.

6 Dissemination and networking activities

The NA-TEP co-operates with other TEPs nationally and transnationally. Some meetings and seminars have occurred, where different TEPs had the opportunity to share their experiences. In particular, national meetings – with Marinha Grande TEP and Vale do Sousa TEP – were almost often between co-ordinators but, usually, the co-ordinators and other TEP partners did not take part of them.

The activities organised by European Innovation 2000, specially the European Seminars were considered technically interesting by TEPs because it allowed to share some important information, experiences, methodologies and good practice.

The CCRA used several instruments to divulge, to promote and to explain the project, for example:

- **Informative Bulletin:** 43 editions were published with a month periodicity to divulge the realised actions and show the different opinions on Pact interventions.
- **Internet Site:** creation of a specific page in CCRA site to divulge the NA-TEP;

- **Promotional Video:** a promotional video was made in response to a public tender opened by European Co-ordination Unity of Territorial Employment Pacts;
- **Seminars, Colloquies and Conferences:** CCRA with IEFPP and AMNA collaboration realised an international seminar in May 1999; the Pact co-ordination entities participated in several seminars, colloquies and conferences of local, regional, national and international level promoting this initiative;
- **Promotional Brochure:** to inform the public of Pact finalities;
- **Thematic Fairs;**
- **Several Publications;**
- **Press realises.**

7 Mainstreaming

It seems to exist a strong desire between partners to give continuity to at least some actions of the Pact. Efforts have been made to give continuity to the NA-TEP with new patterns.

An application was made to the European Programme EQUAL that was not approved. In the Community Support Framework 2000-2006, through the execution of the Axis 2 – Northern Alentejo Integrate Action of Territorial Base of Alentejo Regional Programme, some actions initiated by the Pact could continue. At least the stimulus/development of tourism will pursue, for example by the Northern Alentejo brand image promotion.

The lack of conditions to secure technical assistance funds for continuing co-ordination of Pact partnership constitutes a difficulty, but financial sources like INTERREG are going to be targeted.

8 Final Remarks

The Territorial Employment Pact was a pilot action which introduce a new working methodology to obtain better results in local employment and regional development. Because of its innovative character it had been extremely important an adequate organisation and implementation planing of the Programme. It were important to have everything well defined at European and National superior instances to catch good results. Despite the good intentions of the project, this initiative had a confused beginning which, in a country like Portugal that had little experience in partnerships, had a negative influence in its execution not only in Northern Alentejo but, also, in the others two experiences (Marinha Grande and Vale do Sousa).

Another basic factor for the success of the NA-TEP have to do with financial capabilities of Pact members and this was not pursuit . The partnership should be constituted considering the need of having a majority of actions that could be financed by own funds, specially private ones. In particular, NA-TEP (like the other two Portuguese TEPs) did not incorporate partners entities like banks, risk capital companies or other companies with financial viability.

9 METHODOLOGICAL REMARKS

In order to prepare this report, CIDEDEC made the following interviews during April 2002:

Entity	Interviewee	Local	Type of Entity	Level
DGDR – Directorate General for Regional Development	D ^{ra} Isabel Câmara Pestana (sub-director)	Lisbon	Public	National level
DGEFP – Directorate General for Employment and Vocational Training	D ^{ra} Conceição Afonso (sub-director)	Lisbon	Public	National Level
CCRA – Regional Co-ordination Commission of Alentejo	D ^r Vítor Rosa (technician)	Évora	Public	Regional Level (Alentejo)
IEFP - Employment and Vocational Training Institute	D ^{ra} M ^a Gabriela Silva (Delegate) D ^{ra} Cristina Varela (technician)	Évora	Public	Regional Level (Alentejo)
AMNA – Northern Alentejo Association of Municipalities	D ^{ra} M ^a Rosário Rodrigues (administrator) D ^{ra} Fátima Cid (technician)	Portalegre	Public Association	Regional Level (Northern Alentejo)
AADP – Portalegre District Farmer's Association	Eng ^a Alexandra Carrilho (technician)	Portalegre	Private Association	Regional Level (Northern Alentejo)
ARANA - Northern Alentejo Craftsmen Association	S ^r António Louro (president and craftsman)	Nisa	Private Association	Local/Regional Level (Northern Alentejo)

The main references used in terms of desk research are the following:

- ACTO, “Rapport Final d’Activite – Pactes Territoriaux pour l’Emploi”, June 2000 to December 2000
- ACTO, “Rapport Trimestriel d’Activites – Pactes Territoriaux pour l’Emploi”, June 2000 to September 2000
- CCRA, “Boletins Informativos do PTE-NA”
- CCRA and DRA-IEFP; “Relatório Final do PTE Norte Alentejano”, March 2002
- CIDEDEC, “Relatório de Avaliação *ex-ante* do PTE VALSOUSA”, July 1998
- CIDEDEC, “Relatório de Avaliação *on-going* do PTE VALSOUSA”, March 2002
- DGDR, Minutes of 2 meetings: October 1998 and December 1998
- ECOTEC, “Evaluation of the Territorial Employment Pacts – First Interim Report to Directorate General Regional Policy”, February 2002
- European Commission, “Segundo Relatório Intercalar Relativo aos Pactos Territoriais para o Emprego”, November 1999
- IPP, “I Relatório de Acompanhamento do PTE do Norte Alentejano”, April 1998
- IPP, “II Relatório de Acompanhamento do PTE do Norte Alentejano”
- IPP, “III Relatório de Acompanhamento do PTE do Norte Alentejano”, December 1999

**National Report on the overall performance of the TEP
Programme:**

Finland

Prepared by: Merja Kokkonen, Nordregio

SECTION 1 - TEP PROGRAMME AS A WHOLE

Member State Context

1. Governance context and Strategic Fit

The idea of local employment related partnerships took hold in Finland in the mid 90's, mainly due to economic recession, high unemployment and new, seemingly successful, local responses to unemployment abroad.

The Finnish Ministry of Labour launched an experimental *pilot* programme in 1997, with the aim of establishing local partnerships to tackle high unemployment, caused by a severe recession. The project approach was supposed to be bottom-up and complementary to the pre-existing measures. This national partnership programme was also complementary to the TEP programme. The Ministry of labour managed both programmes through a coordinating team, appointed by the Ministry. The team was responsible for implementation, support and technical expertise as well as exchange of knowledge and best practice between partnerships in Finland and abroad. The support ended 30 June 2000. After that, at least two of the seven Finnish participants (Iisalmi and Kemi received additional technical assistance for a final period 1 July 2000 – 31 December 2001.

2. Application and selection procedure adopted by Finland

The selection of the TEPs was made by the Ministry of Labour, from 26 participants in the national local partnership pilot programme. (The call for the latter had resulted in 78 applications.) Selection criteria related to:

- (a) the extent of partnership, in particular the inclusion of the private sector, voluntary organisations, and the unemployed, as well as public sector organisations,
- (b) the commitment to partnership by the partners,
- (c) innovation in respect of proposals to tackle unemployment,
- (d) regional representation, and
- (e) attempts to create permanent jobs and prevent long-term unemployment. (Cinnéide 2000).

3. Policy and intervention context at the start of the Pacts and today

The 448 Finnish municipalities have a wide range of responsibilities and great autonomy. They have the primary responsibility in most public policy fields such as education, social welfare, health care, environment and infrastructure but they are also active in local development and job creation.

The overall responsibility for *employment policy* lies with the Ministry of Labour which co-ordinates the employment policy (including ESF funds). The regional and local administration consists of fifteen labour market departments at the Employment

and Economic Development Centres and of 176 Employment Offices. The labour market departments support the regional development of labour and the labour market. The Employment Offices, subordinate to the labour market departments, are responsible for supplying the wide scope of measures Finnish employment policy has to offer:

Services for vocational development

- ❑ Vocational guidance and career planning
- ❑ Educational and vocational information service
- ❑ Vocational rehabilitation planning
- ❑ Labour market training
- ❑ Advice on entrepreneurship

Unemployment security and services promoting employability

- ❑ Job-search training
- ❑ Mobility assistance
- ❑ Start-up subsidy to new entrepreneurs
- ❑ Apprenticeship training
- ❑ Employment subsidy to employers
- ❑ Traineeships
- ❑ Work and training placements for the disabled at vocational institutions
- ❑ Medical examination and rehabilitation
- ❑ Subsidy for adaptation of working conditions to the needs of the disabled
- ❑ Pay guarantee in case of bankruptcy (special preconditions)
- ❑ Job alternation leave when an unemployed job-seeker is employed as stand-in
- ❑ Part-time work supplement when an unemployed job-seeker is employed as stand-in
- ❑ Study leave

(www.mol.fi)

The Employment and Economic Development Centres are important actors in *regional development* as well. Most of the development funding, both from national and EU programmes, is delivered through them. They represent not only the Ministry of Labour but also the Ministry of Agriculture and the Ministry of Trade and Industry. The main responsibility at the regional level lies on 19 intermunicipal *Regional Councils*, with boards elected by municipal councils. In the mainstream EU programmes, decisions on funding are made by regional managing committees, coordinated by the Councils and with representatives from regional and local administration, funding authorities, other key actors (universities etc.) and social partners. The Ministry of the Interior is responsible for and co-ordinates regional policy (including ERDF funds).

The Ministry of Education has the overall responsibility for education and training, with the five counties as coordinators of local and regional level activities. The Ministry of Education and the Ministry of Labour often run common projects on training and skills improvement of both adults and young people.

The organisational structure has not changed since 1997; the major reforms of regional administration were carried out in the mid 1990's.

4. *Attitudes of national, regional, local authorities towards the TEP Programme as a whole in the country and towards specific Pacts*

A wide range partnership was initially met with scepticism of varying strength. When accepted, the idea was introduced by the Ministry of Labour by launching the national partnership pilot project and pursuing Finnish participation in the TEP Programme.

After closing the financial support to the local TEPs in June 2000, the Ministry of Labour reconsidered its standpoint later the same year. According to the national level interviews, the positive impact of the TEP and of the national pilot programme in terms of partnership were the basic reason for a restart. An OECD evaluation (Cinnéide 2000) and a Finnish study (Luostarinen & Hyryläinen, 2000), both assessing the two programmes, as well as the International Conference on Partnerships in Helsinki, October 2000 had shown “undeniably indispensable value-added of partnerships in employment.” In addition, EC communications, e.g. “Acting Locally for Employment A Local Dimension for the European Employment Strategy” (COM 2000/196) and Employment Guideline 11/2001, strongly emphasised the advantage of the local partnership approach in employment promotion. Thus the Association of Finnish Local and Regional Authorities and the Ministry of Labour agreed on a *new* Local Partnership Project (LPP) in March 2001.

LPP is financed by ESR (75% of the budget), the Association of Finnish Local and Regional Authorities and local and regional actors (25%). It is a national programme, whose content and strategies are strongly influenced by both the TEP and the national pilot programme experiences, and which is designed to support existing and encourage new partnerships. By the end of August 2003 the LPP is committed to putting forward a proposal on how to create a *more permanent* national support structure in Finland.

The local authorities, often initiators of the TEP applications, have maintained their commitment throughout the process, in several cases with a considerable financial and human resource output. The regional authorities were not the key actors in the Finnish pacts. No negative attitudes seem to have been registered either.

5. *Attitudes of other actors (e.g. social partners) towards the TEP Programme as a whole in the country and towards specific Pacts*

Due to the *local* character of the TEP Programme it was mostly of local concern. No nation wide attitudes can therefore be registered. Among the local actors, associations of the unemployed seem most (apart from the local employment offices) positive towards the TEP Programme. From a “target group” for measures they gained status as actors or partners, trusted to have the ability to influence their own situation:

“Finally somebody listened to us”

“They could see that we were not only ‘plastic bag people.’” (Unemployed interviewees).

On the other hand, the bigger private enterprises kept away, in spite of having signed the Pacts:

“They were afraid of being asked for jobs” (an interviewee from Kemi)

“They could not be guaranteed a 150,000 Euro increase in turnover per new employee” (an interviewee from Iisalmi).

Their representatives stayed active, though, in the managing groups (e.g. Iisalmi and Kemi). Trade unions, however, seem to have stayed passive in all respects (at least Iisalmi and Kemi).

Overall Pact Performance in the Country

1. Extent to which Pacts met the 4 broad Programme objectives

The OECD evaluation (Cinnéide 2000) points out both strengths and weaknesses with partnership performance:

“There is evidence of a sophisticated level of understanding of the concept and general appreciation of the practical value of partnership amongst many key actors in locales where the partnerships have been operating. ... Inter-sector barriers have been lowered, multi-agency initiatives are more frequent and a degree of common purpose is more apparent. Favourable attitudes to citizens’ participation in local decision-making regarding design and delivery of initiatives has become more prevalent within official state bodies. The social capital that these close linkages and trusting working relationships represent is deemed to be a major asset for the communities concerned.”

Although, there has been differences in the understanding of “spirit and purpose of partnerships” between central government and some local partner organisations; “some prioritise the achievement of task objectives (e.g. the organisation of training courses, the creation of employment opportunities, environmental improvement schemes, etc.), others see the primary function of the partnerships as securing process objectives such as the generation of social capital, the empowerment of people risking social exclusion, the facilitation of cooperation among public, community and private interests, the achievement of cross-sectorial co-ordination etc.”

Most of the local level interviewees have considered the Pact itself as a *bottom-up approach*. According to the national level interview the Finnish TEPs have had at least a partial bottom-up approach. National control has been limited, even weak (OECD 2000). However, most of the partnerships emerged as a response to the national level call. On the other hand, projects started and measures taken within the Pacts were of local origin, even when these were results of the best practice outside the own area.

Pact Programme actions and ideas seem to have been *integrated* in the regional and local development strategies, often through the fact that the key actors in the Pact

programme were responsible of strategy making in their daily work at municipalities, Regional Councils and Employment and Economic Development Centres.

The *main innovation* of the Pacts, seems to be the involvement of the third sector as an employer and thus a complement to public and private sector. A second improvement might be the flexible use of employment benefits in job creation, the third skills improvement, in *combination* with job training, partly on market terms.

2. *Added value of the working methods and actions adopted by Pacts*

The OECD evaluation report (Cinnéide 2000) points out the added value of the partnerships in bringing together “hitherto largely uncoordinated efforts to resolve community problems which is considered to be a significant accomplishment”. Even the interviews made in April 2002 indicate partnerships as a success, with value-added of its own. Co-ordination and integration of pre-existing and new development activities are another source of general added value. The immensely intensive, as it seems, search for models of combined skills improvement, preferably tailored to match the employer needs, and “real” jobs, might bear the best fruit in the long run.

3. *Deadweight/Displacement effects*

None are mentioned. Instead, it seems – at least at Iisalmi and Kemi - that the most part of pre-existing projects and programs in the Pact area have been connected to the Pact, often through the people involved. Thus, a risk of duplication of actions seems not to have been a major problem.

4. *Identification of Pacts’ catalytic effects in the territories where they operated*

Structural funds, with co-financing from national programs, donations from voluntary national bodies such as RAY, Finland's Slot Machine Association, private sector investments and local authority budgets have been used to finance the variety of TEP activities and projects. Given the activities *not* been initiated without the TEP Programme, the TEP has meant a considerable activity injection into the territories concerned. Ideas and projects from the Pacts have also influenced local and regional development programmes and structural fund programs, even if the TEP strategies and principles *as a whole* have not been included as a priority in SF programmes for 2000-2006.

5. *Employment and development impact and commentary on the quantification of such impact*

There is no exact figures on the total employment and development impact, but Luostarinen & Hyyryläinen (2000) have estimated that about 400 projects have been launched by them in a period of over two years and 30,000 individuals have been reached through one initiative or another. Employment effects are estimated at 15,000 new jobs, although many of these are subsidised. This figure includes all part-time, full-time, temporary and permanent jobs.

6. *Commentary on outcomes on the way to achieving employment and development outcomes*

The greatest benefits are the results of working partnerships. Luostarinen & Hyryläinen (2000): “Local employment offices, municipalities and other bodies may have been central to many of the projects and may justifiably assume credit for at least some of the results, but these bodies acknowledge the critical role of partnerships in instigating projects, in organising and coordinating the main players and, in some cases, implementing them”. See also item 2.

7. *Problems/obstacles faced*

The failure of involving(bigger) enterprises, the natural key actors in *employment* improvement, as well as trade unions might have been the major obstacle in implementing the TEP ideas. Another was, at least from the local point of view, the stiff employment legislation.

OECD evaluation (Cinnéide 2000) and the national level opinion in April 2002 also points out the lack of vertical governance as one of the main problems. Here, it is to be noted different views due to different perspectives: the local interviewees did *not* want any such governance, because the TEP Programme *was about* using the bottom-up approach, the local level seen as “bottom”, the national as “up”.

Sustainability, Mainstreaming and Multiplier Effects

1. *Mainstreaming in SFs 2000-2006*

The TEP strategies and principles have not been taken as a priority in SF programmes, but there are local differences; the Iisalmi TEP (ISKU) experience at least has notably influenced SF programme strategies.

2. *Other replication and Multiplier Effects*

Of the case study Pacts, the Kemi Local Authority was selected to the Local Dimension of The European Employment Strategy Project which is a part of the EC’s Local Action Plan (LAP) programme. The project, run by the local authority of Kemi during the period 31.12.2000-30.9.2001, was funded by the EU (budget line B5-503) and managed by the Association of Finnish Local and Regional Authorities. The aim of the project was to deepen the local employment strategies by analysing *in detail* the supply and demand factors of today and tomorrow. The unemployment structure and the skills of the unemployed, as well as the ageing population, were focused on the supply side, the competitiveness of the local industry and the local service sector on the demand side.

The Iisalmi Local Authority has been accepted as one of the Regional Development Centres. This is a national regional policy programme aimed at developing towns as growth motors of their region. The programme is coordinated by the Ministry of the Interior (SM). The Regional Development Centres programme is initially financed by Regional Councils which have been granted a special budget for that purpose by the Government. The total funding for the Kemi-Tornio region (Tornio is a neighbouring town) is 220,000 Euros for the year 2002. After the initial phase the town regions are supposed to raise their funding for programme actions from different public and private sources.

3. Necessary conditions for Sustainability

Support to the local key actors is needed to keep the broad-base partnership alive. This is realized by the Ministry of Labour who has restarted the national partnership program. (Local Partnership Project, LPP, a ESR funded project for the years 2001-2003; see 4. above). The international exchange of best practice should be encouraged by the EC e.g. by inviting all the former TEP participants to follow-up seminars. The common European web-site should be built and continuously up-dated.

4. Lessons learned

“Working together is profitable, to synthesize and pool different expertise and knowledge of different societal sectors is a vital purpose of local partnerships.” So “partnerships as such are tools for improving local and regional governance. They are also tools for building social capital in their area. Partnerships are necessary vehicles for employment and skill generation.” But “a partnership cannot be created overnight” (The Ministry of Labour interview).

Conferences and seminars are important dissemination tools. They encourage nation wide as well as EU wide networking and exchange of best practice. In addition, they also help the local actors keep the partnership idea alive. However, as in all networks, “a node actor” with human and financial resources is needed either at national or European level.

Dedicated co-ordinators and substantial support from the local authorities have been the prerequisites of TEP success.

SECTION 2A - CASE IISALMI

1. The Background to the Pact:

Spatial context and economic characteristics of the Territory

The Iisalmi partnership operated in three municipalities: Iisalmi, Sonkajärvi and Vieremä. The partnership area is part of a larger planning area called Ylä-Savo, and is located in northern part of Northern Savo region. The area is predominantly rural. Geographical remoteness has been a major obstacle to development and to the creation of employment in the area. However, the area is located about 80 km from the city of Kuopio, which is the largest town in Eastern Finland. The area is well served with road and rail connections and Kuopio has an airport and a university and other higher education opportunities. (Cinnéide 2000) Population of the area is about 32,330 (estimate end 2001), the area is 3,423 km² and population density 10.6 inhabitants/ km². The town Iisalmi accounts for over 70% of the area's total population. Population has declined during the latest five years, especially in the rural municipalities, mainly due to migration. The service sector employs about 50 % of the labour force, the industrial sector 20% and agriculture and forestry 10%. In Sonkajärvi and Vieremä agriculture and forestry have a much higher share, about 30%. The GDP/capita in PPS in Ylä-Savo was only 66% of the EU average in 1999. (Territorial employment pact for Iisalmi region 2002; Regions in Norden 2002)

Labour Market context and employment policy and intervention context

The unemployment rate varies in the region, between 20 to 16% during the period 1996-2000. The rates in Iisalmi town and in the rural municipalities is somewhat higher than the regional average even if lower today (18-20%) than in the mid 1990's, when the rate was over 20% of the workforce. (Regions in Norden 2002).

Ylä-Savo area has a regional employment plan, in that the Pact has been a part.

Governance context and Strategic Fit

Iisalmi Territorial Employment pact (ISKU) was selected to the TEP Programme in 1997 by the national implementation group. Both national and EU Funding was granted for 1997-1999 in the first place. The Ministry of Labour prolonged its funding to 1.7.2000 and DE VI granted technical assistance for the second period 2000-2001. The action Plan for the second period was connected to the development strategy of the region, revised 1999, for the structural fund period 2000-2006. The whole region belong to Objective 1 area, Interreg IIIA Karelia. In the former period the area was part of Objective 5b region.

The local initiative was made by the Iisalmi employment office in close co-operation with the Iisalmi Local Authority. The latter kept responsibility of the administration of ISKU, formed as a consortium of local actors. Totally, some 50 key local actors from the public and private sectors signed the pact. Other actors included the Regional Council of North Savo, North Savo Employment and Economic Centre, Iisalmi Employment Office, agricultural producers, local forestry associations, associations of the local business, the unemployed and other voluntary bodies.

The strategic decision making in ISKU was in the hands of the managing group of representatives of the three municipalities, the local employment office and the local development company. A project manager and an assistant were employed for the first period 1997-2000. From 1 July 2000 the development director of Iisalmi town and her assistant managed the Pact within their ordinary jobs.

Application process

The selection to the TEP programme was made by the Ministry of Labour among the 26 participants in the national partnership project.

2. Direct outputs and results of the TEP

Pact mission

The main purpose of the pact was to find *new ways to increase employment and combat social exclusion* resulting from unemployment. The overall strategy was to use common local efforts - *partnership* - in accomplishing the task but also in developing a partnership tradition strong enough to survive the Pact. The key measures in the Pact were *active support to the unemployed; enhancement of entrepreneurship*, use of *the third sector as employer*; use of *environmental protection* in rural areas as well as *cultural activities* as employment fields and *international exchange of best practice*.

Extent to which Pacts met the 4 broad Programme objectives

A bottom-up approach has applied to the ISKU in the national steering being minimal and the pact based on local initiatives. Projects and other actions taken were of local origin, even if inspiration and best practice was sought outside. Of the local grass-root organisations, the unemployed stayed active throughout the lifetime of the Pact. However, the project management had apparently envisaged a stronger bottom-up approach than this.

Broad-based partnership was achieved. The initiative was taken by the Local Authority of Iisalmi and the two neighbouring municipalities but membership was offered to any local body. A survey of all the voluntary bodies in the area (some 500) was made and all of them invited to participate. The resulting strong commitment of the third sector is generally regarded as a success. 50 key local actors from the public, private and community sectors signed the Pact. Several partners had experience of partnership co-operation, but not on so broad a base as in the TEP Programme. Co-operation has continued after the closure of the Pact.

Actions within ISKU Pact have been connected to on-going employment and development strategies by the double roles of the key people, responsible for the catalytic work of ISKU and of the long-term employment and development issues in their ordinary jobs. In this *integrated strategy* the regional structural fund programs and other plan documents have been a reference.

An evaluation (Kuljukka & Aulaskari 1999), points out the considerable amount of job creation experiments as the most *innovative elements* of the pact. One successful

example, judging from the interviews in 2002, was a flexible use of various kinds of unemployment support to finance private, public and third sector jobs. Another is the use of the third sector as employer. The third example, with a potentially wider use in ageing societies, was a “house cleaning ring” (a kind of co-operative) where the elderly and disabled (e.g. war veterans) are offered help by the former unemployed.

The emphasis on training and skills improvement, tailored to match both the unemployed and the employers, although not innovative, is stronger than before. The regional vocational training institute has established a live-in training factory to train future industrial employees, tailor-made to the skills needs of the biggest firms in the region.

3. *Pact’s specific objectives and progress (relevance of approach to local context)*

The specific outputs for job creation, maintaining jobs and establishing new enterprises 1997-1999 is shown in the table 1.

	Targets	Own projects	Projects initiated by partnership	Projects partly planned	Total achieved
Permanent jobs	20	-	60	32	101
Temporary jobs	30	162	215	-	377
Maintained jobs	45	-	-	-	-
New enterprises	10	-	28	-	28

Source ISKU / Cinnéide 2000

Job creation during the first period was successful, even if most jobs are temporary.

The objectives for 2000-2002 were to maintain 20 jobs, lower the unemployment rate by 0.5 % (200 new jobs) and lower the share of long-term unemployment. The objective were not fully reached even if the unemployment rate decreased by 0.5%. The share of the long term unemployed increased in stead from 22.3% to 24.8%. (Isku Final Report May 2002).

4. *Indirect outputs and results relating to employment and economic development*

Employability

The long term unemployment in the area decreased during 1997-2000 but seems to be rising over the last year (ISKU Final Report 2002). It is, though, hard to estimate how much of the changes are due to ISKU and how much due to the upturn in the Finnish economy in the late 90s. The total unemployment rate in the Iisalmi is still high (15-18.5% in 2001) or, as it says in the final report from ISKU: “The employment

situation (in Iisalmi TEP area) is desperate”. This is a problem the region shares with other peripheries, losing business as well young people to cities or abroad.

It is clear, though, that a considerable number of the long term unemployed found at least temporary jobs, often with a prior or parallel skill improvement. A few middle aged or elderly lumberjacks were enabled to use their old skills, and had the opportunity to gain new ones, employed by local forestry bodies in environmental jobs. Long-term unemployed construction workers have trained younger ones in older methods, used now to restore old buildings. One of the partners, a local youth support association who run an internationally recognised education and skills improvement institute (TEHY-paja), has established a sister organisation in a partner municipality as a result of the Pact co-operation. The education and skills improvement activities are authorised, and the passed examinations entitle the trainee to ordinary education certificates.

Entrepreneurship

Even if the TEP measures did *not directly* lead to the establishment of new enterprises, 28 new enterprises were born on the basis of broad partnership according to ISKU calculations during the first period (see table one). Most of them are small as intended and in the service sector. Success, counted in long time profitability, depends on demand factors - not too good in an area struggling with declining population and harsh economic conditions.

Adaptability

The actions taken within ISKU referred to the local assets and priorities stated in development plans for the region.

Equal opportunities

ISKU had equal female representation in its management. The chairman of the association of the unemployed was a woman. Setting the agenda for decision-makers and managing the daily work, women may well have influenced the actions taken as well. In addition, through one project, women in Iisalmi received a newly renovated old villa in the town centre. A project with the purpose of enhancing female entrepreneurship through tailored training, started in 2002. ISKU also participated in Women In Information Networks.

Removing barriers and creating new sources of jobs

The partnership idea removed barriers between actors. The new role of third sector as employer is substantial both in this respect and in job creation. The number of voluntary bodies (500 in the TEP territory), and their high levels of activity, mean the impact will be substantial.

Monitoring and evaluation

The TEP programme at Iisalmi has been evaluated eight times, including internal evaluations on larger projects. The Pact managers and other key actors have improved their monitoring and evaluation skills.

5. *Additional benefits of the TEP*

The international character of the TEP gave even partners without previous European outlook perspectives the opportunity to seek best practice beyond the country borders. The international TEP seminars, arranged by the program co-ordinators in Brussels, were popular. So were the excursions made to the Baltic countries, Denmark, Germany, Greece, Ireland, Italy, Netherlands, Sweden, Scotland, Russia, and Wales. The Lisalme Pact received also visitors from some ten countries. Irish examples of motivating the long-term unemployed were felt to be particularly useful by interviewees.

Co-operation in the national TEP network became a part of the daily work. If not always best practice at least good advice was exchanged.

6. *Management of Pacts*

Efficiency of managers/sponsors

The results indicate a high level of efficiency in management: The broad-base partnership planned and managed a variety of activities involving thousands of people, raised funding, monitored progress and made reports.

Attitudes of other actors/agencies towards the Pact

Most of the key actors in the region were involved in the Pact, seen as a joint venture in combating unemployment. No open resistance seems to have existed. A big disappointment to the ISKU management was a kind of “passive resistance” of the bigger businesses. They refused to hire a new employee without “a guarantee of 150,000 Euro raise in turnover”. The trade unions did not join the Pact at all.

Support from Commission rapporteur

Not much support was asked; given when asked.

Frustration concerning the highly detailed and often-changing reporting instructions from the Commission was reported. Some of the key actors expressed severe frustration with the non-transparent processes for payment - big delays, while report deadlines were often urgent. This was interpreted as poor concern for the member state local bodies. Reporting and payment processes might have worked better in a different way, according to interviewees.

Role of EI2000 national experts

Overall assessment of management structures and procedures

Due to experienced managers, the local management seems to have worked well, judging from the results. As mentioned in earlier evaluations ISKU was highly dependent on local authorities and the local bottom-up approach was therefore weaker.

Institutional and human resources levered in

Iisalmi town provided all overhead costs and, in the second period 1 July 2000- 31 Dec 2001, also provided the managing staff, a manager and an assistant.

Financial resources levered in

Co-financing was received from the Ministry of Labour 1997-2000 and from the municipalities involved 1998-2001 (20%). All the employment and other development projects were funded by Objective 1 Programme.

Cost-effectiveness of the Pact

To assess the cost-effectiveness of the Pact seems difficult. Questions not answered here are include:

- What would have happened to employment levels if the ISKU never started?
- Would unemployment have decreased anyway, given the upturn in the Finnish economy?
- How many long-term unemployed would have found jobs without training projects?
- Would the cost of their benefits and other social costs (e.g. health care) have been higher than the cost of job creation?
- Would out-migration from the area have been even bigger than today without the ISKU input into local employment?
- What is the cost of each long-term unemployed person up until retirement?

7. Dissemination and networking activities

ISKU has continuously used leaflets, media releases and the internet. An ISKU newsletter was published. Papers and radio and television have paid attention to ISKU on several occasions.

8. Mainstreaming

Into Structural Fund programmes 2000-2006

ISKU-region is part of the Eastern Finland Objective 1 programme for the period 2000-2006. ISKU management took active part in the preparation of the programme and the experience of the TEP has had on influencing the programme strategy and measures. Partnership programme, third sector opportunities for employment and pilot projects have been explicitly mentioned in the programme document. The monitoring committee of the Eastern Finland Objective 1 programme has reserved 5% of the financing for the measure “employment and know-how” as a global grant to local employment pacts (Final report 2002).

Other forms of sustainability of TEP interventions

ISKU has had a significant role in preparation of regional development strategies (Ylä-Savon seudullinen kehittämisstrategia) and a nationally led regional policy programme for town development in the region (Regional Centre Iisalmi – around

Ylä-Savo - Aluekeskus Iisalmi – ympärillä Ylä-Savo). The ISKU project manager has personally been involved in the preparation groups.

9. *Assessment of overall added value of the TEP*

Contribution of the TEP to achieving Community priorities
Creation of co-operation and partnership between different local bodies in seeking of employment opportunities has been considered as the most important value added according to most evaluations made. Job creation has been satisfactorily achieved. For human resource development TEP has had a significant contribution locally as training and job creation had been implemented simultaneously. Women have had decisive roles in the Pact.

Method of the implementation of the TEP

Coherence/complementarity with national/regional initiatives

See Item 8. Mainstreaming!

New partnership undertaking new functions

See Item 2. Direct outputs of the Pact.

Diffusion of innovation:

See Item 5 and 7

Monitoring and evaluation of interventions

See Item 4

Financial dimension (multiplier and leverage effects of the TEP)

Co-financing was received from the Ministry of Labour 1997-2000 and from the municipalities involved 1998-2001 (20%). All the employment and other development projects were funded by Objective 1 Programme.

Networking, dissemination and exchange of experience at EU level (i.e. learning from others).

See Items 5 and 7

Participation to regional and local networks and exchanges of information:

See 5 and 7.

10. *Lessons*

The partnership concept and the third sector involvement have been the two main successes by now – four months after the closure of ISKU.

It has not been possible to engage big business in the TEP Programme. A possible reason for “closed doors” is the expectations of high turnover, due to the harsh competitive conditions faced by business.

A dedicated pact co-ordinator and substantial support from the local authorities have been the prerequisite of success.

And finally, in spite of numerous actions taken and exceeded, the Pact was *not* able to diminish unemployment in the region in general: this was beyond the reach of the Pact or any other local measure.

SECTION 2B – CASE KEMI

1. *The Background to the Pact: Spatial context and economic characteristics of the territory*

Kemi partnership operated in two municipalities: Kemi and Keminmaa. The partnership area is located in Lapland, in the river basin of Kemijoki, near the Swedish border. Kemi is traditionally an industrial town, characterised by paper industries, while Keminmaa is a predominantly rural municipality. Fish is an important natural resource in the area. The population of the area was 32,619 (at the end of 2000) and the total area 718 km². Most of the regions population (63 %) live in Kemi where population density is 60 inhabitants/ km² whereas in Keminmaa it is 14 inhabitants/km². Population has declined during the last five years mainly due to migration.

Labour Market context and Employment policy and intervention context

Unemployment rate has been higher in the town Kemi than in Keminmaa.. The two year average 1998-2000 in Kemi has been 20.6% when in Keminmaa it has been 16.4%. The figures have been slowly diminishing in both municipalities. Change in employment has been negative (-2.7%) during the five year period 1994-1999 in Kemi whereas in Keminmaa it has been slightly positive (3.7%). (Regions in Norden 2002)

The region is an Objective 1 area, Interreg IIIA Karelia and Interreg IIIA North areas and is the highest national and regional policy support area (allowing 30% subsidy to business). There was no previous local employment policy. Measures used were of the general Finnish model (See Section 1, item 2.

Governance context and Strategic Fit

The initiative came from the Local Authority of Kemi, vice mayor who had a key role throughout the Pact. He invited partners to join and employed project managers and assistants who worked in close co-operation with the town of Kemi. A steering group with representation from all key actors in the area was established for co-ordinating the pact. In the beginning eight thematic groups were also established for organising partnership (tourism, paper and pulp industry, social enterprises, long-term

unemployment and the third sector, temporary employment, culture, employment partnership pact and metal-related industries).

The first period of the Pact was 1997-1999 and the second, on additional funding 2000-2001.

Application process

As in Iisalmi above

2. Direct outputs and results of the TEP

Pact mission

To create a partnership philosophy in the town with regard to employment issues

Create new jobs

Establish co-operation with business

Reduce long-term unemployment and prevent the exclusion of the unemployed

Extent to which Pacts met the 4 broad Programme objectives

Bottom up approach

In the national and EU context the approach was bottom-up; the initiative was totally local.

Integrated strategy

Kemi was selected as 1 of the five towns in the Local Dimension of The European strategy Project, run by the Association of Finnish Local and Regional Authorities and funded by the European Commission. The participation was a result of the TEP activity with strong personal connections, aiming to strengthen of the impact of the TEP.

Innovative elements of Pact's activities and working methods

Establishing a private foundation for job training whose services are sold to public and to some extent private bodies. A broad-based partnership was itself new in the area.

3. Pact's specific objectives and progress (relevance of approach to local context)

The objectives were not specified in quantities. The information given below comes from the interviews, Kemi TEP final reports and The Pact Paper.

Creating partnership philosophy “takes time” but partnership was regarded as a success. It was not possible, though, to involve municipalities in the region other than the nearest neighbour, possibly because of initial management problems. Activating the

third sector as employer exceeded expectations, and was more successful than *establishing new enterprises*. *Preventing long-term unemployment* has not succeeded: with an unemployment rate of 22.2% in 2000, down from 25.4 % 1996. On the other hand, *the inclusion of the unemployed* has been improved by the nine skills improvement and training projects, some of them on-going.

4. *Indirect outputs and results relating to employment and economic development*

Employability

All the projects run within the Pact have had employability improvement as objective:

- Engaging the unemployed in recycling,
- Use of combined unemployment benefits to jobs within the third sector,
- Modernisation and redesign of the flats and houses of elderly people,
- Support and skills improvement centre for the third sector, I
- Immigrant employment,
- New forestry entrepreneurship,
- Meeting point for the unemployed and the enterprises,
- The Kemi-joki basin Fishing Centre project,
- The Meri-Lappi Job training fund, tailored training of the unemployed.

The two latest are regarded as the greatest success stories.

Entrepreneurship

The TEP has been active in the regional LEADER+ Programme. A pilot project on enhancing co-operation was started but not accomplished because of the lack of funding.

Removing barriers and creating new sources of jobs

The barriers removed relate to partnership. As for new sources of jobs the third sector is the main result.

Monitoring and evaluation

The Kemi TEP has been evaluated by the European Commission, (Coop Consult OY 2001), national labour authorities and the Implementation Team of the national partnership programme (see 1.) .

5. *Additional benefits of the TEP*

Se item 2

6. *Management of Pacts*

Efficiency of managers/sponsors

The turnover of managers was a problem; five people held the post in five years. Continuity suffered, but, as was the case in Iisalmi, one or two key actors (mainly the vice mayor and the chairman/woman of the Association of the Unemployed) stayed active throughout the project. No problem were mentioned regarding national and the EU support.

Attitudes of other actors/agencies towards the Pact

No negative attitudes reported.

Support from Commission rapporteur

Satisfactory.

Role of EI2000 national experts

Limited but satisfactory.

Overall assessment of management structures and procedures

Efficient.

Institutional and human resources levered in

Administration and premises were financed by Kemi municipality, who also contributed to 20% of the TEP budget of 375,000 Euro.

Financial resources levered in

Funding to the TEP projects mentioned above was raised from ESR, Kemi town and the Kemimaa and other municipalities, the Red Cross of Finland, The Ministry of Labour, private enterprises

Cost-effectiveness of the Pact

“The number of new jobs, even if temporary, was so big that it made the Kemi Pact TEP cost-effective.” (one of the key actors.)

7. Dissemination and networking activities

Dissemination received more emphasis in the later period of the Kemi TEP following feedback from an external evaluation (2000). A temporary employee was hired to take care of public information. An information journal of TEP was published and delivered to local households. Kemi TEP has been involved in opening a local radio programme on EU projects. The Kemi TEP had its own website (Final report of technical support 2002).

At regional level Kemi TEP has co-operated with Eastern Lapland TEP and the Regional Council of Lapland in applying for project funding for the ongoing SF programme period. Kemi TEP has taken part in several transnational seminars and workshops and made some study visits to other countries.

8. *Mainstreaming*

Structural fund programmes

There has been a strong personal connection to structural fund programmes and other programmes, the Kemi-region being part of the Lapland Objective 6 area 1995-1999, then of the Northern Finland Objective 1 programme for the period 2000-2006.

Other forms of sustainability of TEP interventions

Kemi has participated in the Local Dimension of The European strategy Project, run by the Association of Finnish Local and Regional Authorities and funded by the European Commission. Former success projects, the Kemi-joki Basin Fishing Centre project, and the Meri-Lappi Job Training Fund are now operating on a more permanent basis.

9. *Assessment of overall added value of the TEP*

Contribution of the TEP to achieving Community priorities

(See Item 3. The direct output and 4. The indirect output)

Method of the implementation of the TEP

Coherence/complementarity with national/regional initiatives

See Item 8. Mainstreaming! Conclusion: good coherence.

New partnership undertaking new functions

See Item 2. Direct outputs of the Pact. Conclusion: On-going process.

Diffusion of innovation:

See Item 5 and 7 Conclusion: On-going process.

Monitoring and evaluation of interventions

See Item 4 Conclusion: Frequent and effective enough.

Financial dimension

All the sources available have been used.

Networking, dissemination and exchange of experience at EU level

Fruitful.

Transferability of actions

Possible in similar contexts.

10. *Lessons*

The objectives of the programme were not clear enough initially and delayed the progress. There were possibly too many paths to follow in the action plan - on the other hand, one of the concepts behind the Pact *was* to establish a variety of experiments.

Employment effects, new jobs or the number of maintained jobs have not been so great as expected, neither has the creation of new enterprises been especially successful. As in Iisalmi, the Pact was felt to be helpless against the prevailing extremely high rates of unemployment.

The strengths of the programme have been in diminishing social exclusion and increasing employability of the unemployed. one of the most interesting measures used, is the establishment of “ Meri-Lapin työhönvalmennussäätiö ”, a job training fund which now has 28 employees, combining training and “real” jobs, partly on market terms.

**National Report on the overall performance of the TEP
Programme:**

Sweden

Prepared by: Lars Olof Persson, Nordregio

SECTION ONE - TEP PROGRAMME AS A WHOLE

Member State Context

1. Governance context and Strategic Fit

Labour market policy in Sweden has been developed through the 20th century. In 1948, the National Labour Market Administration (AMV) was formed. Today there is a number of labour market programmes, e.g. employment training, activity guarantee, general recruitment incentive, support for entrepreneurial start-ups, employment subsidies, youth guarantee for unemployed young people (aged 20-24) and municipal programmes for jobless young people. Furthermore, there are inclusive measures for handicapped people, e.g. wage subsidies, special introductory and follow-up support, support for personal assistants, etc. Although labour market policy is a national competence there is a decentralised implementation structure. County Labour Boards work in co-operation with County Administrative Boards (CABs) and municipalities in order to co-ordinate actions. For further information see: <http://www.ams.se/> and item 3 below.

In the late 1990s, the former Ministry of Labour was merged into the new Ministry of Industry, Employment and Communications. Sweden entered the EU in 1995 and has carried out a number of structural funds programmes ever since. On a national level the programme-oriented and partnership-based “Regional Growth Agreements” were introduced in 1998, aiming to stimulate sustainable economic development that will spawn more companies and help existing enterprises expand, hence creating more jobs for both men and women. However, there were no new funds involved in these agreements as the purpose was to re-allocate resources in a more efficient way. Temporarily – as an experimental work – there was also been innovative funding streams available for labour market policy in selected counties during the late 1990s.

In summary the governance structure in Sweden was quite well prepared to implement the ideas of the Territorial Employment Pacts (TEP). TEPs were timely in a period when the need for co-ordination and partnership between sectors was stressed both in national and regional policy. There is a tradition of co-operation for local and regional development in Sweden. This includes co-operation between municipalities, county councils, CABs, County Labour Boards, trade unions and private enterprises. However, this has been quite informal and temporary. Co-operation under the label of “partnerships” was established as a working method in most regions when Sweden entered the EU.

2. Application and selection procedure adopted by Member States

Programme proposals came in from various parts of the country and the former Ministry of Labour made a selection considering a geographical distribution. The selected programmes were: the county of Värmland, the county of Kalmar, the county of Jämtland, the city of Stockholm, the municipality of Strömstad, and the Swedish-Danish “Öresundsregionen”. These pacts were chosen in order to cover different types

of regional labour markets and a variety of governance “cultures”. Värmland has experienced very high levels of unemployment during certain periods, because of restructuring of the basic industries; forestry based and manufacturing. Parts of Värmland were in Objective 2 and 6 from 1995. Kalmar was appointed as a pilot county in advancing a regionalised governance structure in Sweden, aiming at delegating more power to a sort of regional parliament. Small parts of Kalmar county were in Objective 5b. The county of Jämtland represents a rural regional labour market with a nowadays strong dependence on public sector jobs. Jämtland was in Objective 6. Stockholm is a metropolitan labour market with a dual structure, i.e. with large demand for highly skilled labour but also a large number of jobs in service occupation. Long-term unemployment is common among foreign immigrants, with poor language skills. Strömstad was selected as a pilot pact for a small territory. Strömstad had already started to develop a local employment strategy. The region had experiences from cross-border programmes with Norwegian counterparts, and also from Objective 5b partnerships. The Öresund region was particularly interesting since the construction of the bridge between Danish Copenhagen and Swedish Malmö would soon create a new twin city metropolitan labour market.

3. Policy and intervention context at the start of the Pacts and today.

Employment

The long-term goal of the Swedish governments labour market policy is to achieve full employment. Meeting the government’s declared target for 2004, of 80 per cent regular employment in the population aged 20-64, will require a more efficient labour market. Above all, it is a matter of avoiding bottlenecks and improving the skills of the unemployed. Labour market policy has three principal tasks:

- To channel work to the unemployed and labour to employers
- To take steps to combat bottlenecks
- To undertake initiatives to help those who have difficulty obtaining work in the regular labour market

The basis for these tasks is the activation and skills enhancement principle. This means that an unemployed person who cannot find work should primarily be offered training and, secondarily, a workplace training position or temporary job. Only when these alternatives have been exhausted should various forms of cash assistance be made available.

Sweden’s government and Parliament decide on the objectives, rule systems and financial framework of labour market policy. The Labour Market Administration (AMV) is the public agency with overall responsibility for implementation, which also decides on the amount of compensation. AMV include the National Labour Market Board (AMS) as well as a County Labour Board (LAN) in each of 21 counties, the local offices of the public Employment Services (arbetsförmedlingar) and the Working Life Services (arbetslivstjänster).

The Labour Market Administration is responsible for the following activities:

- To facilitate and improve the match between supply and demand in various sectors of the labour market
- Skills enhancement programmes as well as support for those who are having the greatest difficulty in the labour market
- Operational development, monitoring, oversight and financial control of the Employment Service, labour market policy programmes and the unemployment insurance system

AMS works on behalf of the Parliament and the government. Until the late 1990s, AMS reported to the Ministry of Labour, which is now merged into the present Ministry of Industry. The ministry integrates the AMS' annual appropriation warrant, states its objectives, tasks, funding and how its money may be used. AMS makes decisions on overall issues, allocates resources and monitors the work of the County Labour Boards. The County Labour Boards have overall responsibility for labour market policy in each respective county. Each County Labour Board has an executive board consisting of the County Governor (who serves as Chairman), the County Employment Director (who heads the agency) and a maximum of nine other board members. The County Labour Board should also have a Local Employment Services Committee in each municipality. This committee should include representatives of the County Labour Board, the Employment Service, the municipality or municipalities included in its territory, the local business community and local trade unions. A majority of the Local Employment Service Committee's members are to be appointed by the municipality or municipalities included.

The Employment Service offices are the local organisations in charge of implementing labour market policy. There are about 320 publicly run employment offices. Among these, about 50 operate within specific industrial occupations or provide specialised services, and about 40 have specialised resources for the occupationally handicapped and other people who need in-depth counseling and job-preparation measures to break into the labour market. Most labour market policy resources are delegated to the local level, i.e. the Employment Service offices. The Employment Service is active in all 289 of Sweden's municipalities, which cover the entire area of the country.

Working Life Services is a nationwide consulting organisation within the Labour Market Administration. It is connected to the County Labour Board and is represented in all counties. It specialises in human resource development and vocational rehabilitation of employees at companies and public agencies.

Programmes to encourage demand for labour and generate employment: The purpose of these programmes is to maintain demand for labour during periods of weak demand. They also provide unemployed individuals with jobs and workplace experience that can make it easier for them to find a position in the regular labour market or provide the basis for choosing an occupation or training programme.

The recruitment incentive was a labour market policy programme that came into existence on in the beginning of 1998. The purpose of the incentive is to make it easier for long-term unemployed people registered in the Employment Services to find jobs. It is aimed at encouraging employers to accelerate the hiring process. The

recruitment incentive is a wage subsidy paid to employers who hire the unemployed. The employee receives a wage or salary according to collective agreements.

Start-up grants are intended for job seekers who start their own business. The grant is intended to supplement the business owners livelihood during the start-up period and may only be provided if the business is deemed likely to be financially viable and to provide lasting employment for the job seeker. The target group is unemployed individuals or those at risk of losing their jobs and people living in regional development areas. Those entitled to receive income-related benefits from an unemployment insurance fund receive “activity support” to an equivalent amount.

The work experience programme is new from January 1999 and replaces earlier forms of trainee programmes (workplace introduction and employment development, or ALU). Unemployed people who are found to need a period of workplace training may join the programme for up to six months, while receiving activity support. Those entitled to income-related benefits from an unemployment insurance fund receive activity support in an equivalent amount.

Sweden’s municipalities have signed agreements with the County Labour Boards to provide municipal youth programmes. The purpose of these agreements is to ensure that municipalities assume responsibility for their unemployed youth under age 20. These programmes are aimed at preventing long-term youth unemployment from emerging or continuing. The municipalities provide individually tailored programmes in the form of work experience or training to prepare or facilitate these teenagers’ entry into the regular labour market.

Local economic development

Municipalities in Sweden are increasingly involved in local economic development, usually through an economic and business development department. This department works actively both to provide a better business environment in the municipality for existing firms, but also to attract new investments. In some municipalities there are local networks between the education sector, local authorities, publicly owned business promotion companies and the local business community working informally or in establishing innovation and technology centres. Increasingly, neighbouring municipalities co-operate for the benefit of a larger region. The idea of “regional enlargement” is widely accepted – aiming at improving the functioning of the common labour market particularly in small towns and rural areas that are common in Sweden.

In 1999, all Swedish counties were invited by the government to establish regional partnerships for formulating so called Regional Growth Agreements, i.e. regional development programmes. The purpose of the agreements was to encourage cross-sectoral co-operation and match funding of projects. All regions designed programmes with measures such as this (County of Västerbotten):

“An innovation strategy will be used to identify the knowledge requirements needed to create growth. This will be an action plan for the development of R&D and education. Research institutes and business will co-operate to improve the competency necessary to develop both goods and services.

Measures to increase growth through processing raw materials in the county and improving the level of expertise in different branches.

-Measures to encourage innovation and improve design within different branches.

-Measures to create environments favourable to carrying out research.
-Produce models for better co-ordination and improved solutions in transportation and logistics.
-Research on entrepreneurship

-Courses for businesses and start-ups

It is important to be able to offer businesses in the region education and training that will improve their competency and skills and lead to increased growth. The courses that are offered must, therefore, be tailored to business needs, and to women and men's different requirements. In particular, attention should be paid to developments taking place in IT and new technology.

The establishment of new businesses can be achieved through special courses for young businessmen and women and entrepreneurs. Spin-offs from the universities and other Higher Education Institutions in the region will be stimulated. Sixth-form colleges, primary and secondary schools and adult education will also have an important task with regard to stimulating an enterprise culture and entrepreneurship.

Development of planning models for improved analyses and assessments of businesses' needs for development of expertise.

Education and development of expertise specially directed at business. SPETS (strategic development of expertise) courses and other courses, e.g. that promote increased mobility both between branches and to growth sectors.

Development of continued education and distance education and increase the range of courses offered.

Labour market training courses tailored to business needs.

Development of expertise to facilitate the exchange of international experiences.

Development of expertise to promote young enterprise and women entrepreneurs. Start your own business courses, which include, for example, practical experience, individual advice, and mentoring.

Courses for businessmen and women, development of expertise, entrepreneurship, apprenticeships, trainees and ownership transfers.

Development of national and international technical and branch centres of excellence. Courses and development of expertise in certifying environmental and quality assurance and reuse and recycling tailored to the requirements of different branches of industry.

Co-operation and network building

Along with teaching and research, universities and other institutions of higher education (HEIs) have a third task. They have a responsibility to co-operate with the community and provide information on their activities. In order for this to happen, various types of joint working and interaction need to be set up. Co-operation can take many forms and be initiated by different actors, educational institutions, businesses, branches, etc. This is not just a one-way process, knowledge possessed by businesses must also be transferred to HEIs.

In order to increase growth in the region, co-operation and the development of networks at national and international levels are desirable.

Develop co-operation between educational institutions and business. Academic, researcher and student placements in industry, deepened co-operation between designers and manufacturing firms.

Co-operative projects within and between branches of business and the university, HEIs and various technology development centres concerning the development of new technology, production systems, reuse and recycling.

Investment in technology in established milieux so that the university, HEIs and different technology development centres can strengthen and develop their role as catalysts within the field of technology.

Develop co-operation between researchers and business through, e.g. spin-off programmes for the university/ HEIs and businesses.

Create mentor programmes and promote and utilise the good examples that can be found in the region as models.

Create meeting places and incubators for, among others, young businessmen and women.

(Source: www.ac.lst.se)

4. Attitudes of national, regional, local authorities towards the TEP Programme as a whole in the country and towards specific Pacts

TEP was welcomed as an initiative and well understood only at certain parts of the central government level, particularly within the Ministry of Labour. Other ministries were largely ignorant or sceptical of the idea, in particular the Ministry of Finance. The main argument was that each sector and hence each Ministry should stick to their immediate own objectives, set by the Parliament. Information was provided at all

ministries, but it is probably true that TEP was only recognised within certain units within Ministry of Labour.

Regional authorities in general have been more responsive to pacts, since there is a tradition for regional co-operation between sector agencies at the regional level, even if they have not always succeeded to co-operate. Pacts were recognised as one more arena where sector co-ordination could emerge in an informal and even experimental way. one of the pacts was managed and implemented at the local level, in the municipality of Strömstad. In the beginning, there was some resistance to the TEP from the regional authorities in the “regional capital” of Gothenburg.

Local authorities, i.e. the municipalities, were not deeply involved in pacts, since these were mainly promoted at the regional level. It is probably true that most local authorities were quite ignorant of the pacts. The exception was Strömstad, which actually formed a pact based on the municipal territory.

5. Attitudes of other actors towards the TEP Programme as a whole in the country and towards specific Pacts

In many cases, the pacts coincided with the break-through of the concept of a social economy in Sweden. Social economy was not introduced by TEP, but it is fair to say that TEP became one more support to the social economy. The programme documents for several regional development strategies in 2000 including measures to encourage social economy.

The trade unions were active and generally held very positive attitudes towards the TEP programme in most of the pacts, particularly in regions experiencing high levels of unemployment.

Overall Pact Performance in the Country

1. Extent to which Pacts met the 4 broad Programme objectives

Partnerships

The pact partnerships have included a variety of organisations: public bodies, private entities, social economy organisations, federations of trade unions, The Federation of Private Enterprises, universities, colleges, etc. It is reported that the municipalities were not always directly involved in the partnership, which is considered a weakness. The Swedish municipalities are important actors in local economic development. The introduction of Regional Growth Agreements implied that the possibility to participating in pacts decreased for some partnership members. At the same time it was easier to get started with the agreements where a pact already existed.

Bottom-up approach

The models have varied from 1 pact to another, e.g. idea seminars, conferences, local meetings. There has been openness to new ideas, however the traditional bodies have

had quite a large influence. From the two Swedish case studies we learned that the Strömstad pact, which was the smallest one of all 89, was successful in working on the grass roots level (e.g. direct contacts with unemployed people), whereas co-operation in the Värmland pact was rather based on contact between organisations representing the stakeholders.

Innovation

There has been a degree of innovation, e.g. projects within product development in SMEs, social economy and employment. However, working in partnerships and/or with development issues was not new, according to most of our interviewees.

Integration

A common action plan was the starting point for co-operation within the pacts. To ensure financing some TEP projects were merged with or moved to e.g. Objective 3, Objective 4 or other programmes within labour market policy (see *3. Policy interventions in Member State Context and Case Värmland*, below).

2. Added value of the working methods and actions adopted by Pacts

The overall response has been positive as regards cross-sectoral co-operation and speedy decisions. In some of the pacts, the “seed money” provided for pilot and feasibility studies before a project was designed are reported to have been successful in order to generate new and innovative projects.

3. Deadweight/Displacement effects

It is commonly held among interviewees the pacts added value to employment creation in the region. Although there had existed previous forms of partnership in some areas, this one focusing on unemployment was considered innovative, as it was reported to increase the status of social policy in the region. The introduction of special funds for implementation (from the Ministry of Labour) was – although small in terms of money – an important signal that this was a recommended way to co-operate less formally than previously in the regions.

However, some interviewees report that the TEP was probably less innovative or revolutionary in Sweden than elsewhere, with Sweden’s tradition as a strong welfare state with high priority given to full employment of all segments of the labour force.

4. Identification of Pacts’ catalytic effects in the territories where they operated

At the verbal level, at least, there has been the will to encourage the development of an efficient broader policy both at the central and the regional level for more than a decade. There has not been any systematic effort to develop an institutional and legal framework for securing this in practice. On the contrary, the recent fragmentation of the state sector due to market adjustment and structural devolution has made a broader policy more difficult to achieve.

Several, probably all, of the TEPs in Sweden provide examples of how these fragmentation tendencies could be overcome or at least reduced. It should be noticed, however, that there is a longstanding tradition of co-operation at the regional level, although the responsibility and the resources for labour and regional policy implementation has generally been assigned to one single agency or actor, representing the state. However, in recent policy documents the expected synergies of regional partnerships are clearly expressed. We estimate that the TEP partnerships contributed to this development. However, the formal status and the democratic foundation of these partnerships are seldom or never clearly defined.

In Strömstad, we have found an example of sustained local co-operation after the end of the pact. More or less the same actors are working in a broadened network for local and regional development. In Värmland some TEP projects were merged with – or moved to – structural funds programmes (e.g. Objective 3 and 4), the Regional Growth Agreements and national labour market policy programmes.

5. *Employment and development impact and commentary on the quantification of such impact*

In Sweden the recent trend is to discuss and develop strategies for dynamic functional regions, often mentioned as local labour markets. Localities within these regions are treated as interdependent in terms of housing, service and labour markets. The role of the central state is more expressed as to provide help to self-help for each of these functional regions, rather than to guarantee equality of living conditions. The focus is liberating each region's economic growth potential. Flexible or more stable co-operation between administrative units i.e. municipalities has been reinforced for a time more recently it has been advocated by the central government in Sweden.

Although several evaluations have been carried out, it is hard to isolate quantitative effects on employment and development from the pact work. The pacts themselves and the national secretariat stress that the focus was not on measurable results, but rather on introducing new ways of thinking and co-operating. Most interviewees confirm that TEP contributed to new ways of thinking and co-operating. This has facilitated implementation of another generation of territorial development programmes. The introduction of TEPs in Sweden was in a period of recovery of the labour markets after the recession in the early 1990s. This means that the TEP contributed to this recovery, but also that employment stimulated by TEP was marginal as compared to the bulk of new jobs created through the improved business cycle.

6. *Commentary on outcomes on the way to achieving employment and development outcomes*

With the Swedish membership in the EU, the principles of programming in regional development and structural policy has become largely accepted also in national policy. Evaluations show that programmes are important in the initial phase and to mobilise regional partnerships. In implementing programmes, however, the project culture often follows its own logic – i.e. with an emerging profession of project

managers with their own criteria for success. The method of pursuing the project is stressed more that the effects in terms of employment and development. This is also the experience from TEP programmes and projects.

The Swedish local labour markets are biased in size and diversity. On the one hand side, there are the more prosperous regions which are getting more self-confident and able to establish both co-operation and competitive positions. Less prosperous and more peripheral regions often emphasise the need for state intervention and public transfers to secure national standards in service provision and labour market. Hence, TEPs in these latter regions added more value to the local mobilisation of human resources for improving the functioning of labour markets.

In Strömstad the diversity of the labour market was more stressed than the absolute number of people being employed. In Värmland the stress was more on the social economy, and not so much on formal employment.

7. Problems/obstacles faced

According to some interviewees, there has been a lack of interest from some actors (e.g. on the national level). In the ministry, the TEPs were not very integrated in policy reform and cooperation. TEPs were largely considered as activities pursued in the regions and by the regional actors. There was little learning process and scarce feedback to the central level.

In Strömstad, the most obvious problem is reported from the final stage of TEP. The intensified demand for detailed registration and book-keeping and the slow process of approval and payments from the EU are stressed by the administration of this TEP. The Värmland TEP was dominated by actors on a regional level and not so well anchored in all municipalities. This could be regarded as a drawback since Swedish municipalities play an important role in implementing local development projects.

Sustainability, Mainstreaming and Multiplier Effects

1. Mainstreaming in SFs 2000-2006

Some TEP projects were merged with – or moved to – structural funds programmes (e.g. Objective 3 and 4), the Regional Growth Agreements and national labour market policy programmes.

2. Other replication and Multiplier Effects

Some of the projects have continued and even expanded their field of action. E.g. a project supporting co-operatives in Värmland has evolved into Co-operative Värmland (Värmlandskooperativen) which is advising co-operatives not only in Sweden but now also in EU candidate countries. Another example is the centre for tailor-made training of labour in Strömstad, which is still in rapid expansion. It is run

in a form of partnership. In Strömstad, the local partnership is slightly reorganised but still co-operating under a number of general themes, i.e. culture, tourism, etc.

Strömstad was awarded Sweden's Municipality of the Year in 2001, which was largely because of its progressive way to support local democracy and rural urban partnership. The pact had an important role in winning this award, which is now used in place marketing. The mayor's office is decorated with a copy of the front page of one of the largest national newspapers, with the headline "Now Strömstad is the Hottest Spot in Sweden"! However, we have not found that TEP in Sweden has been replicated in other regions outside the ones originally selected.

3. Necessary conditions for Sustainability

Sustainability in terms of maintaining the ideas of TEP – local partnership, innovative co-operation, etc. – requires strong and continuous support from dominating actors in the region. In the case of Värmland, an amount of continuity of the partnership is provided in particular from trade union representatives. In the case of Strömstad the officer for business development works in close relation with the mayor and other local decision makers to maintain the co-operative and innovative spirit developed by the pact.

In Sweden, there has been a recent shift in the focus of territorial development policy, meaning that more emphasis is given to economic growth than on employment. Regional partnerships are today focusing more on growth than before, which is also reflection of the changing situation of the labour market. Labour shortage is now an emerging issue in most regions in Sweden, and since this issue is not the focus of the TEP it counteracts sustainability. Another issue which is now the focus of Swedish debate is the increasingly high rates of sick leave.

Our conclusion is that the sustainability of TEP ideas depends very much on the ability to adapt to changing preconditions in different countries.

4. Lessons learned

In the 6 pact regions, the TEPs contributed very timely to the ongoing process in Sweden to coordinate regional actors' efforts to reduce unemployment and stimulate regional growth. In most of these regions, large partnerships and working groups have been empowered by participating in the pacts. This has had lasting effects on the regions' strategies for regional economic development after the pact.

In these regions, the programmes designed by the partnerships were well adapted to each region's particular opportunities and threats. Within these programmes, several measures were developed and projects were implemented, which would likely not have been initiated without the guidance of the pact.

The short-term effects of the pacts on regional employment are not possible to evaluate. The diffusion of the ideas and of the methods developed in the six pacts to other regions has been very limited. The pacts experienced limited guidance and

support from both the national level and from the Commission. Non-transparent requirements for reporting payments to and from EU funds has generated severe frustration in some of the pacts.

From the Swedish case studies, we learnt that committed and flexible co-ordinators are crucial for a positive result. Some of the Swedish pacts are now continuing their work in one form or another but the co-ordinated strategy to cope with unemployment is not sustained.

SECTION 2A – CASE STRÖMSTAD

1. The Background to the Pact

Spatial context

Stromstad is a municipality in Southwest Sweden, at the Norwegian border, with 11,000 inhabitants of which 6,000 live in the densely built-up area and the rest in rural areas or in the archipelago.

Economic characteristics of the Territory

Declining fishery and agriculture, expanding trade and tourism.

Labour Market context

Until the 1990s, a few large low-tech industrial enterprises dominated the area. However, due to structural rationalisation the number of employees has decreased considerably. There has also been a decline within fishery and agriculture. Due to summer tourism, the demand for labour was unevenly spread over the year. The unemployment rate in 1996 was 9 per cent (or almost 14 per cent including people enrolled in government-financed or subsidised training and employment programmes).

Employment policy and intervention context

The aims for the future were to:

- Develop activities that made the municipality attractive for tourists all the year round,
- Co-operation between local enterprises,
- Establish contacts with the Norwegian market,
- Co-operation with colleges in the region,
- The marine tradition, and
- New activities and small-scale entrepreneurship in rural areas.

Governance context and Strategic Fit

There is a long tradition of labour market policy in Sweden with operators on national, regional and local levels, as well as labour market programmes such as

employment training, general recruitment incentive, support for entrepreneurial start-ups, employment subsidies, measures for young and disabled people, etc.

Application process

In the mid-1990s the Strömstad municipality had already started working on an employment programme, based on partnership co-operation. They were well placed to apply when the invitation came about the TEPs, and was accepted in competition with other Swedish counties and regions.

2. *Direct outputs and results of the TEP*

Pact mission

To halve unemployment through individual development (the Strömstad inhabitants as learning collaborators) and development of industry (the Strömstad companies as the driving force). During the programme period the unemployment rate decreased from 9 per cent (or 14 per cent including people enrolled in government-financed or subsidised training and employment programmes) in 1996 to 3 per cent (or 6 per cent) in 2000. The number of created jobs amounts to 35-40. The stakeholders have on the whole fulfilled their commitments according to the action plan, except for when it comes to co-operation with colleges and universities.

Extent to which Pacts met the 4 broad Programme objectives

Bottom-up approach

To a large extent working on a local level probably made it easier to establish contact with people (e.g. unemployed) directly.

Broad based partnership

To a large extent the partnership included public bodies, private entities, social economy organisations, federations of trade unions, The Federation of Private Enterprises, private enterprises, associations of sports and tourism, etc.

Integrated strategy

To some extent as TEP became an element in the ongoing process to fight unemployment, and as the partnership work carries on e.g. through the Regional Growth Agreement.

Innovative elements of Pact's activities and working methods

To some extent referring to the fact that there was no tradition of partnership co-operation before, and that several projects seem to have long-term effects.

3. *Pact's specific objectives and progress (relevance of approach to local context)*

Several projects were designed in particular to handle problems and option which are specific for Strömstad, i.e. the low level of education in the labour force, the relatively

remote location in relation to national centres, the border location to a non-EU country and the seasonal character of the labour market.

4. *Indirect outputs and results relating to employment and economic development*

Employability

Improvement achieved through projects aiming at enhancing skills.

Entrepreneurship

According to several participants the TEP has had a positive impact on the business climate and entrepreneurship.

Adaptability

Improvement through activities for prolonging the tourist season (but at the same time, the Norwegian purchasing power has increased).

Job creation

Unemployment has decreased but it is difficult to isolate the effect of the TEP.

Monitoring and evaluation

The Swedish pacts were evaluated by Koopi in 2001. Svensk KommunRating conducted an ex-ante evaluation of Strömstad in 1997 and was involved in a thorough evaluation in 2001.

5. *Additional benefits of the TEP*

Increased cohesion and a positive spirit within the municipality of Strömstad.

6. *Management of Pacts*

Efficiency of managers/sponsors

Efficiency has been very high, and entirely due to the high level of commitment which has predominated among managers and sponsors. A lot of the work and most meetings in the partnerships was done after office hours. The paper work in order to fulfil accounting and controlling requirement was substantial, and was one of the reasons for a pact co-ordinator to leave the post.

Attitudes of other actors/agencies towards the Pact

As mentioned before, some of the regional authorities were sceptical and suspicious in the beginning, partly because of the innovative idea that a small municipality could have direct co-operation with Brussels.

Support from Commission rapporteur

Support and information from Commission rapporteur was scarce, and limited to a few opportunities to ask questions during conferences. The main directive from the Commission quoted by interviewees was “Design your projects as sturdily as possible!”

The pact co-ordinator reports severe frustration concerning the detailed and changing instructions for reporting from the Commission. A very slow and non-transparent routine for payment has recently led to frustration with the whole TEP-process, even if it was considered successful earlier.

Role of EI2000 national experts

Limited. The contacts were few and of low quality.

Overall assessment of management structures and procedures

Efficient.

Institutional and human resources levered in

The municipality of Strömstad was very ambitious in providing resources for management of the pact. The lump sum provided by the Ministry of Labour facilitated partnership conferences, study visits, contact with other pacts, etc.

Financial resources levered in

<i>TEP Strömstad</i>	<i>Total cost</i>	<i>ERDF, ESF</i>	<i>National public bodies</i>	<i>Private bodies</i>
SEK	21,063,830	7,156,712	12,700,751	1,206,577

Cost-effectiveness of the Pact

It is likely that cost-effectiveness has been quite good, given the fact that one important output is co-operation and a bottom-up process, which is only attained by large input of labour from each of the actors. There is no evaluation showing the value for money in terms of reduced unemployment.

7. Dissemination and networking activities

The experience from the TEP work was disseminated to neighbouring municipalities within the Regional Growth Agreements.

8. Mainstreaming

Into Structural Fund programmes 2000-2006

Not directly, but into the Regional Growth Agreement which in turn has a connection to the structural funds.

Other forms of sustainability of TEP interventions

Some projects continue or originate from the TEPs.

9. Assessment of overall added value of the TEP

Contribution of the TEP to achieving Community priorities

As compared to all other measures within the national employment policy, in local and regional economic development policy, in education policy etc., TEP adds limited value in most Swedish pact regions. However, it adds value to some extent by prioritising good practice in the increasingly important issue of sector co-ordination and actor co-operation at regional level.

Method of the implementation of the TEP

Coherence/complementarity with national/regional initiatives

The pact in Strömstad was complementary with other initiatives since it was performed by a local partnership, which had not been formed earlier.

New partnership undertaking new functions

The partnership undertook the task of improving the performance and the diversity of the local labour market, which was partly a new function.

Diffusion of innovation

Through establishing new ways to co-operate for local economic development and establishing the factors encouraging a more diverse economy.

Monitoring and evaluation of interventions

Svensk KommunRating in co-operation with Framtidens Möjligheter carried out a thorough evaluation in 2001.

Financial dimension

The TEPs have contributed to co-financing of projects with resources from various actors with connection to Strömstad.

Networking, dissemination and exchange of experience at EU level

Both on a national and an international level, the pacts have exchanged experiences which they have found rewarding.

10. Lessons

In Strömstad, the TEP contributed very timely to an ongoing local process in the mid 1990s to co-ordinate actors' efforts to reduce unemployment and stimulate a more diverse labour market. The partnership and several working groups were empowered by participating in the pacts. This has had lasting effects on the municipality's current strategy for regional economic development. The process is basically a bottom-up approach.

In this region, the programmes designed by the partnership were well adapted to each region's particular strengths and weaknesses. Several measures were developed and projects were implemented, which would likely not have been initiated without the guidance of the pact.

The pact's short-term effects on employment in Strömstad are not possible to evaluate. The pact experienced limited guidance and support from both the national level and from the Commission. Non-transparent requirements for reporting payments to and from EU funds have generated severe frustration.

SECTION 2B – CASE VÄRMLAND

1. The Background to the Pact

Spatial context

The county of Värmland, situated in the western part of Sweden close to the Norwegian capital region, had ca. 280,000 inhabitants in 1996. There are 16 municipalities but 45% of the population live in the city of Karlstad.

Economic characteristics of the Territory

Several structural funds programmes have been carried out in Värmland during 1995-1999 within Objective 2, Objective 3, Objective 4, Objective 5b, Objective 6, Interreg II and Leader. The population has decreased since the mid-1990's, from 285,500 inhabitants in 1994 to just fewer than 274,000 in 2001.

Labour Market context

The number of unemployed started increasing rapidly around 1990. In 1997, the unemployment rate was 6.3% (or almost 11.8% including people enrolled in labour

market measures). The educational level in Värmland is lower than the average for Sweden as a whole.

Employment policy and intervention context

To increase employment through local and regional co-operation and by means of various forms of financial support.

Governance context and Strategic Fit

There is a long tradition of labour market policy in Sweden with operators on national, regional and local levels, as well as labour market programmes such as employment training, general recruitment incentive, support for entrepreneurial start-ups, employment subsidies, measures for young and disabled people, etc. A programme with innovative funding streams available within the labour market policy was run in Värmland parallel to the TEP. A regional TEP programme was suggested and well placed because of this ongoing programme.

2. Direct outputs and results of the TEP

Pact mission

To stimulate local co-operation where enterprises, trade unions, voluntary organisations and local authorities, etc., deals together with local development issues

Extent to which Pacts met the 4 broad Programme objectives

Bottom-up approach

To some extent, although the anchorage in some municipalities was weak, and stakeholders were often represented by their organisations.

Broad based partnership

Broad based partnership was achieved to a large extent. However, in the end of the period, some of the actors had to focus on the Regional Growth Agreement at expense of the pact work. Stakeholders within the social economy were not a part of the partnership but communication with the pact co-ordinator was frequent.

Integrated strategy

To some extent as some projects were merged with or moved to e.g. Objective 3 and 4 or other programmes within the national labour market policy.

Innovative elements of Pact's activities and working methods

To a large extent, e.g. with reference to “seed money” for pilot studies (aiming at testing new ideas) as well as certain trainee projects.

3. Pact's specific objectives and progress

The progress of Värmland's pact was largely stimulated by the usage of small “seed money”, granted to project owners to design a project, conduct a feasibility study or to

make a proposal. This was a successful way to handle the lack of experience among many actors in Värmland in developing projects. Many projects, in particular within the social economy, would never have been initiated without this support. The simple way to handle project ideas through “one door in” was also a fruitful way to lower the threshold for new project managers.

4. Indirect outputs and results relating to employment and economic development

Employability

Broadened information to the unemployed, a large number of apprentices and trainees, intensified contacts between trade unions and SME representatives, intensified contacts between universities/colleges and enterprises, etc.

Entrepreneurship

E.g. a number of start-ups by young people and local development groups.

Adaptability

An increased awareness of business networking, development of a “paper province” cluster

Equal opportunities

Specific measures for immigrant women and strengthened support to a network of female business advisors.

Removing barriers and creating new sources of jobs

A large number of long-term unemployed reaching the labour market. Enterprises in the domiciliary services or collaborating with sports clubs.

Job creation

Enterprises with young people as their customers (personal service, etc.), and enterprises within the social economy on the country side.

Monitoring and evaluation

The Swedish pacts were evaluated by Koopi in 2001. An evaluation of the TEP in Värmland, carried out at Karlstad university in 1999, pointed at a positive impact but also underlined the impossibility of quantifying the impact.

5. Additional benefits of the TEP

Increased cohesion and a positive spirit within the partnership.

6. Management of Pacts

Efficiency of managers/sponsors

There was high efficiency in general. The appointment of the Director of County Labour market Board as Chairman of the pact working group was crucial for getting quick access to less traditional resources of labour market policy.

Attitudes of other actors/agencies towards the Pact

Most of the municipalities in Värmland were largely unaware of the pact, probably since they considered the funding resources quite limited. The pact was mainly managed at the regional level, with regional organisations as acting partners.

Support from Commission rapporteur

Support and information from the Commission rapporteur was scarce, and limited to a few opportunities to ask questions during conferences.

Role of EI2000 national experts

Extensive. The contacts were organised by using e-mail and by different activities as seminars and meetings with project-groups with participation of the expert. Focus was put on the social economy and local development.

Overall assessment of management structures and procedures

Efficient.

Institutional and human resources levered in

A full-time employed co-ordinator and an active working group with representatives from the partnership and other actors.

Financial resources levered in

Ca. 35m SEK from Swedish Objective 2 (1.7m SEK), Objective 3 (18m SEK), Objective 4 (15m SEK) and Objective 6 (0.5m SEK) (Source: Berger, S. et al., 1999)

Additional resources levered in

A programme with innovative funding streams was available within the labour market policy was run in Värmland parallel to the TEP.

Cost-effectiveness of the Pact

It is likely that the cost-effectiveness has been quite good, given the fact that one important output is co-operation at the regional level, which is only attained by large input of labour from each of the actors. There is no evaluation showing the value for money in terms of reduced unemployment.

7. *Dissemination and networking activities*

Exchange of ideas with other pacts, e.g. Strömstad.

8. *Mainstreaming*

Into Structural Fund programmes 2000-2006

Yes, into the new Objective 3.

Other forms of sustainability of TEP interventions

According to the EU's "expert assessment" the pact had reached good results and was recommended to carry on within Objective 3 and specific themes such as local development and social economy (Hellqvist, 2002). Measures to stimulate the social economy were also included in the Regional Growth Agreement.

9. *Assessment of overall added value of the TEP*

Contribution of the TEP to achieving Community priorities

As compared to all other measures within the national employment policy, in local and regional economic development policy, in education policy etc., TEP adds limited value in most Swedish pact regions. However, it adds value to some extent by prioritising good practice in the increasingly important issue of sector co-ordination and actor co-operation at regional level.

Method of the implementation of the TEP

Coherence/complementarity with national/regional initiatives

Large degree of coherence with national/regional initiatives. The pact legitimates a tradition in Värmland of looking for common, practical and informal solutions. The coincidence of the timing of the pact with the previously mentioned experiment with less traditional labour market policy was clearly a factor facilitating implementation of the pact ideas.

New partnership undertaking new functions

The partnership undertook the task of improving the performance and the diversity of the regional labour market including the social economy, which was partly a new function.

Diffusion of innovation

Through establishing new ways to co-operate towards local economic development and establishing the factors that stimulate a more diverse economy.

Monitoring and evaluation of interventions

An evaluation (Berger et al., 1999) was carried out by Karlstad university in 1999.

Financial dimension

Innovative funding streams within Swedish labour market policy were available in Värmland during the same period as the TEP. The TEPs have contributed to the co-financing of projects with resources from the municipalities, the CAB, the LAN, etc.

Networking, dissemination and exchange of experience at EU level

Both on a national and an international level, the pacts have exchanged experiences which they found rewarding. Interreg II programmes were going on at the same time.

10. Lessons

In Värmland, the TEP contributed to an ongoing regional process in the mid 1990s to co-ordinate actors' efforts to reduce unemployment and use labour market policy measures in a less "traditional" way. The pact had a strong basis at the Regional Labour Market Board. Both the trade unions and the business organisations had a very positive attitude to the pact. "Seed money" was successfully used to initiate innovative projects.

In this region, the programmes designed by the partnership were well adapted to each region's particular strengths and weaknesses. Several measures were developed and projects were implemented, which would not have been initiated without the guidance of the pact. The Pact stimulated development particularly in the social economy.

The short-term effects of the pacts on employment in Värmland are not possible to evaluate. The pact experienced limited guidance and support from both the national level and from the Commission.

It is important to review the pact activities in order to contribute to a "learning region".

**National Report on the overall performance of the TEP
Programme:**

United Kingdom

Prepared by: James Rampton, ECOTEC Ltd, Birmingham

Section 1 - TEP PROGRAMME AS A WHOLE

1 Member State Context

1.1 Governance context and available space for the Pacts to operate

The policy domain in the UK has been a continual kaleidoscope of change since 1997. The Pacts were, therefore, forced to operate against a constantly changing national administrative context. The great feature of the post-1997 period was the complete acceptance by government of both the “bottom-up” approach (at least rhetorically) and the importance of broad stakeholder partnerships.

Previously, the Conservative Government had resisted either proposition, though European Structural Fund programmes had brought them strongly into play in the assisted areas. What this meant for the Pacts in the UK is that by far their greatest challenge was to insert themselves into the crowded terrain of local partnership.

The Start-up Context for Pacts (pre-1998)

Pacts arrived in the UK at a time of considerable change in the policy environment they were designed to address. The initial invitation to participate had been rejected by one government, but accepted by another. This was a period of sharp transition between two very different philosophies. During the initiation period, Pacts had to deal both with elements of the pre-1997 policy context and the arrival of quickly introduced ‘flagships’ for the new administration.

Training and Enterprise (Pre-1997 Government Administration)

The Department for Education and Employment (DfEE) had responsibility for central policy on jobs, skills and training. Its span of control ranged from schools, colleges and universities through to job training and adult learning covering the full supply-side element of the labour market. Responsibility for the demand side was seen as primarily the domain of industry and the private sector and remained the responsibility of the Department for Trade and Industry (DTI). At the local level, colleges and universities were given an increasingly free role to become entrepreneurial and to find other funding streams.

The local link between supply and demand under the since 1991 was the Training and Enterprise Councils (TECs). These were government agencies set at the scale of the local labour market area. They were run by business interests (usually under the auspices of the Chamber of Commerce) to ensure that locally based training activity addressed what local employers saw as their supply and skill needs. TECs were themselves configured as businesses with control exercised by a board and a brief to be as efficient as possible in order to build surpluses for their own direct actions in the future.

In parallel at local level were the 1-stop-shop Business Links that had the mission to support local business growth and development. There were at this stage no regional (provincial level) players of note in employment and skills. The focus was central

with small local actors driven firmly by government agendas but given entrepreneurial scope.

Local Development and Employment

The local public authorities (municipality level) had a standing duty to devise and implement local development strategies for their areas and had evolved large and powerful departments to do this. Local authorities also took the lead role on UK government local initiatives such as City Challenge, the Single Regeneration Budget (SRB) and on ERDF actions where they qualified for European funding. They were, therefore, the key players at local level before being pressed by government into ceding ground to the new TECs that also had a local development brief. The regional (provincial level) of action in development policy was removed early in the Thatcher period and once again the shape is central-local in a relatively unregulated environment that depended on agencies serving the needs of private business.

Even before the arrival of the Blair government's focus on the local and partnership, there was a "crowded platform" of local governance with many players struggling to find a seat at the local employment and development table. The prime sources of net additional funding for all these groups in the assisted areas were European Structural Funds and SRB funding. These were fiercely fought over and jealously guarded with new comers distinctly unwelcome.

Employment (post 1997)

The Blair government promoted a dramatic increase in local (if centrally regulated) activities in the field of employment:

- New Deal was the flagship venture, launched in 1998. This sought to draw 18-24 year olds directly into work or training and was to be administered by local consortia of players or by private sector providers under contract to the Department of Employment. It is now the flagship policy of the new Department of Work and Pensions.
- Employment Zones launched in 1999 were a spatially targeted measure for the most deprived areas again with either local consortia or private companies providing services under contract. The local spin-offs from these have been considerable – particularly in the form of ILM (Intermediate Labour Market) projects feeding from combinations of funding.
- In the early years the TECs saw themselves as key players in post-16 learning, skills, with an agenda for promoting employability and adaptability. However, government signalled their early closure in favour of sub-regional level bodies - the Learning and Skills Councils. The platform has become ever more crowded with time.
- Responsibility at the local level for entrepreneurship and business start-up transferred from the TECs to the new national Small Business Service. At the local level, delivery of services continued through the Business Links.

Local Development (post 1997)

The terrain for new ventures in local development was slower to change than that for employment. The SRB continued on unchanged in the early years with its own local partnership bodies. The arrival of New Deal for Communities, however, targeting the most deprived areas and giving them significant long lead-time funding began a process of installing neighbourhood renewal initiatives under the control of local partnership groups. The culmination of this has been a government realisation of the scale and confusion of the proliferation of locally based partnerships and a drive to rationalise them in the form of “super-partnerships” – the Local Strategic Partnerships (LSPs).

In addition, the later period of the Blair administration has seen a revival of regional governance – devolution for Wales, Scotland and Northern Ireland and the creation of Assemblies in the English regions. The relatively new Regional Development Agencies (RDAs) have now been given the strategic remit for development policy and SRB in their regions. All RDAs have produced Regional Economic Strategies, to guide the development of their regions.

The Operational Period for Pacts (post 1998)

If the start-up period was 1 where a new European local initiative found it hard to get a seat at the local employment and development table, what followed has greatly reduced the scope for any new and discretely identifiable niche. The UK Pacts have constantly found it difficult to avoid being seen as dead weight or displacement. They have wisely decided to “go with the flow” of local initiatives. This has, of course, made it extremely difficult for them to offer any clear measure of their real outputs or net value added to the development process.

1.2 Application and selection procedure adopted by Member States

The application procedure in the UK was coloured by a short timescale and a general lack of information (and thus understanding) about Pacts.

Prior to the 1997 election, the UK Government chose not to implement Pacts, believing them to be an unnecessary duplication of TECs. To a certain extent, TECs already operated as public-private partnerships and another European ‘initiative’ was seen as unwelcome, particularly given the hostility between the Major Government and the European Commission. A process of lobbying led to an early announcement by the new Labour Government that it would instigate a bidding round, which took place within a few months of the election in June 1997.

Uniquely for a pilot action, the call for bids was not announced in the Official Journal. Instead, the programme was assigned to the DTI, which took initial responsibility for it in the UK, although that responsibility later transferred to the Department for the Environment, Transport and the Regions (DETR). It was decided that 10 Pacts were to be selected in the UK, with bids to be submitted via Government Offices for the

Regions. Given the lateness of the UK, the imperative was to select a list of ten proposals in the shortest possible timescale.

Each Government Office issued a call for projects to local actors, primarily the members of the relevant Structural Funds Regional Programme Monitoring Committees. Little information was offered to inform bidders about the overall context, purpose and details of the Pact programme.

Typically, a single partner developed bids – usually the local authority – after the briefest of consultations with partners. Bidders were already working in partnerships and could therefore rely on support, at least in principle, from other local partners. The possibility of funding (if only to support existing initiatives) was sufficient to stimulate bids.

Unlike other UK bidding programmes, there does not appear to have been a formal scoring process to assess applications. Instead, each Government Office submitted a single preferred bid to the DETR. The DETR approved a shortlist of ten bids, which it submitted to the European Commission. Again, time was short and DETR's selection process somewhat hurried.

The Technical Assistance Office (TAO) applied a process of assessment and adjustment. Some Pacts were refused or greatly amended. For example, a proposal for a Pact covering the whole of Northern Ireland was rejected as covering too large an area. An alternative proposal was therefore submitted for the smaller area of Newry and Mourne.

1.3 Attitudes of national, regional, local authorities towards the Pact Programme as a whole in the country and towards specific Pacts

Following the change of Government in 1997, the national authorities allowed the introduction of Pacts in the UK. However, the Government offered the UK Pacts at best token support, but more typically complete indifference or indeed ignorance.

Although involved in discussions with the UK office of the Commission²⁹⁰ at the outset, the DTI was to play no further role in the implementation of Pacts nor did it offer any continuing support. The DETR (now the Department for Local Government, Transport and the Regions) was also involved in the initial discussions and went as far as submitting initial shortlist to the Commission, but like the DTI, was to have no ongoing role in implementing or supporting the UK Pacts.

The ESF Division²⁹¹ was also involved in discussions with Commission at the outset, attending a meeting at DG Regio specifically focussed on Pacts. This involvement was stimulated by the potential relevance of the Pacts to employment and to the Structural Funds.

²⁹⁰ i.e. Storey's Gate

²⁹¹ at that time a part of the DfEE, now part of the Department for Work and Pensions (DWP). The Division oversees the administration of all ESF funding in the United Kingdom.

However, as the Division was not to administer the Pacts, it took no further interest in them. Moreover, as the administrator of ESF funding, it saw the Pacts as no different to the plethora of existing partnerships clamouring for funding. Its view was that partnerships were already working together on employment creation and the Pacts were merely about ‘bending’ existing public funding going into particular areas.

The DfEE did however include the Pacts in the UK National Action Plan for Employment. It also participated in a joint conference between the UK Pacts and the Government’s Employment Zones, at which the Secretary of State for Education gave the keynote speech. However, the Pacts report that they felt overshadowed by the Employment Zones at this event and that the Pact ‘message’ was not clearly communicated.

The Minister for Europe visited one Pact in June 1998. Based in the Foreign Office, she had no specific interest in employment and no further action resulted from her visit.

Overall, the UK Government was focussed on its own new initiatives and gave little attention to the Pacts (see Section 1.1). Ministers were rarely, if ever, briefed about Pacts.

Government Offices for the Regions were involved in most or all Pacts to a certain extent, for example on Steering Groups. They usually performed an advisory rather than operational role, which had to be balanced against the wide range of other local initiatives that Government Offices oversaw, primarily SRB and EU Structural Funds programmes. One Government Office approached a Pact in the run-up to the new Structural Funds programme, to see how the Pact could inform the new programme.

The new RDAs came into operation too late to make a significant contribution to the Pacts. During the operational period of the Pacts, the RDAs were primarily focussed on establishing themselves, developing their own Regional Economic Strategies and delivering activities. The extent to which they were willing and able to participate in or liaise with Pacts was, by necessity, limited. Once established, the RDAs focussed on working with sub-regional Local Strategic Partnerships, rather than Pacts, as LSPs had a more comprehensive remit, covered every sub-region and were recognised by central government.

In contrast to regional and national authorities, local authorities were very involved in Pacts and were usually the lead agencies in Pact partnerships. But the UK Pacts rarely received sufficient senior-level support and political backing from local authorities, a fact reflected by the relatively low level of seniority of Pact co-ordinators. Local authorities tended to see Pacts as another ‘initiative’ to be managed alongside many others. Unsurprisingly, their focus would be on the better-funded, higher profile initiatives.

The Tottenham Pact was an exception in this respect. Haringey Borough Council gave strong political backing from the outset and senior staff led on the preparation and implementation of the Action Plan. The Pact benefited from being closely ‘packaged’ with the range of other better-funded programmes, such as New Deal,

Objective 2 etc. In short, it did not have to ‘compete’ with other local initiatives for the attention of local politicians, but instead gained from the high profile of these initiatives.

1.5 Attitudes of other actors (e.g. social partners) towards the Pact Programme as a whole in the country and towards specific Pacts

With the principle of local partnership already established in UK policy, there was no overall opposition from other actors to the concept of Pacts. Indeed the social partners were already engaged in local partnerships to promote local development. Many voluntary and community organisations saw the Pact as an opportunity to influence local policy or secure funding and were keen participants.

Representatives of the private sector, such as Chambers of Commerce, were also supportive of Pacts and would usually be involved on boards or steering groups of Pacts. Private businesses were more hesitant to become involved, unless there was a clear business case for doing so, either in terms of meeting skills needs or in terms of corporate citizenship.

Overall then, there was general support within those Pact areas where the concept was understood. Partnership was already happening, so local partners tended to see it as extra money to contribute to existing efforts. Opposition arose when Pacts threatened to attract resources and political support at the expense of other activity, in effect becoming a new local competitor. At this point, partners would defend their ‘turf’ against the newcomer.

Outside Pact areas, social partners were generally unaware of the existence of the Pact programme. Where actors were aware of Pacts, they were generally supportive of the concept, but perhaps unconvinced about the need for another initiative. Most localities were already delivering partnership approaches to economic development and employment, so the Pact programme was not particularly contentious – as long as the Pacts were not competing for resources.

Discussions about the possibility of ‘mainstreaming’ Pacts within the new Structural Funds programme generated initial interest from other areas in setting up Pacts (albeit without EU technical assistance money), e.g. Chesterfield, Isle of Wight. This reflected curiosity about a different approach to employment and a fear of losing out on funding opportunities. However, such interest did not translate into the formation of any new Pacts, because ultimately no new funding was ever offered.

Opposition to Pacts emerged in Structural Funds Programme Monitoring Committees in the run-up to the new Structural Funds programme. Social partners in other sub-regions opposed the mainstreaming of Pacts into Regional Development Plans, particularly where this threatened to take the form of ‘ring-fenced’ money or preferential treatment. These partners were already involved in local partnerships, regardless of Pacts, and saw no reason why Pacts should benefit at their expense.

2 OVERALL PACT PERFORMANCE IN THE UK

2.1 Extent to which Pacts met the 4 broad Programme objectives (i.e. commentary on performance with respect to partnerships, bottom-up approach, innovation and integration)

- Partnership

The UK Pacts generally met the Programme objective in respect of partnership. All Pacts were delivered by broad-based partnerships encompassing a wide range of local actors. But these were often existing partnerships that took on the role of a Pact in addition to their other activity, not genuinely new partnerships. These existing partnerships continued after the life of the Pact because they received ongoing funding from other sources such as SRB, New Deal and the Structural Funds and because of central government support for new LSPs.

In some cases, the roles undertaken by Pacts have transferred to the new Local Strategic Partnerships. In the cases of South Tyneside and of Tottenham, the Pact Steering Groups have maintained their employment remit as sub-groups of the LSPs.

Two genuinely new partnerships were created by Pacts in the UK, those of the West Midlands and the East Midlands 3-Cities. These two partnerships covered wide areas where a number of local partnerships already existed. Since was the Pact was the only direct source of funding for these partnerships, they struggled to establish themselves and were not sustained beyond the life of the Pact. In short, the system of local governance and of funding worked against the continuation of these Pacts.

- Bottom-up approach

Viewed from Brussels, the UK Pacts had a genuine bottom-up approach. All the ‘thinking’ was done at the local level and there was genuine involvement of local social partners including (to a lesser extent) employers. Pacts received funding to develop local ideas into pilot projects and generate action from local research findings. This was in marked contrast to other funding programmes, notably the Structural Funds, which are designed at the regional, national or European level and allow local organisations less flexibility to innovate.

Viewed locally however, the Pacts remained largely a local authority-driven initiative, although overseen by partnerships. Typically, Councils or other local bodies (for example Colleges, Chambers of Commerce, TECs) administered the Pacts, employing the Pact Co-ordinators and acting as the accountable bodies. They were therefore the key drivers in the partnership and exerted most control. The other key partners mostly operated at the municipal or sub-regional levels.

Most ideas were generated at this level, rather than from the genuine grass-roots level. Where the community sector was involved, this was mostly through representative organisations rather than practitioners. Key target groups (and SMEs) were rarely involved in the management and involved only indirectly, through project activity. However, viewed historically, the Pacts were a step forward, albeit a small one, in terms of extending a bottom-up approach to local governance.

- Innovation

The UK Pacts report that there was a real desire for innovation at the outset. Partners believed that, for the first time, they would have access to a fund for ‘thinking’ which would translate into testing new approaches to employment. Such thinking did stimulate some genuine examples of innovation in pilot projects. For example, Tottenham introduced the ‘Create’ project, which created intermediate labour market opportunities through white goods recycling. St Helen’s co-operated with an inward investor to ensure that unemployed people were ready for new jobs and were guaranteed an interview.

However, Pacts were limited in their capacity to innovate. Firstly, there was no actual funding available to deliver innovative projects, other than the technical assistance or existing mainstream programmes. Consequently, new projects were either very small (if funded from the technical assistance) or restricted in their scope for innovation (if funded from mainstream programmes).

Secondly, the Pacts report a change of emphasis from the European Commission over the life of the programme. At the outset, Pacts believed that, since they were about innovation, they would not be required to deliver outputs in the way that mainstream programmes were. However, throughout the life of the programme, there was a growing emphasis on delivering hard and measurable outputs. This limited the extent of innovation, as Pacts feared investing in risky projects that would not deliver the required outputs.

Notwithstanding this, the Pacts did produce examples of innovation in local partnership. Some local partnerships (such as South Tyneside) had never taken such an approach to employment before and the Pact brought key stakeholders together for the first time specifically to discuss employment.

Similarly, the two new sub-regional partnerships (West Midlands and 3-Cities) represented an innovative approach to local governance. Both Pacts brought together, for the first time, localities that had traditionally competed for funding and investment, to work strategically, as well as test new approaches.

- Integration

The integration of supply-side and demand-side measures in the UK Pacts was limited, reflecting the traditional approach to policy in the UK. Few partners had significant experience of both types of activity and Pacts tended to be too supply-side focussed. Pilot projects mostly addressed employability and access to jobs, rather than job creation as such, although there were examples of intermediate labour market and social enterprise projects.

This may reflect the respective roles and responsibilities of partners at the time of the Pacts. For example, Employment Service and Careers Services were responsible for addressing employability and/or placing people into jobs. Job creation and inward investment was the responsibility of organisations such as English Partnerships or

Development Companies²⁹². Local authorities had experience of providing infrastructure such as managed workspaces or industrial units, but not always of improving employability.

Consequently, there was a tendency for Pact activity to resemble a list of projects, rather than an integrated strategy. More effort was perhaps needed to work with a cohort of individuals or a target group to create ‘ladders’ of local opportunities from unemployment to employment, thus integrating both supply-side and demand-side measures.

2.2 Added value of the working methods and actions adopted by Pacts

Pacts received very small amounts of funding, received modest political support and were introduced into a crowded governance context. Their added value was always likely, therefore, to be limited. Moreover, since Pacts had to rely on existing sources of mainstream funding, it is impossible to separate the value added of the Pacts from that of other funding.

The key areas of added value created by the Pacts were:

- **pilot actions** that produced interesting results, which were ‘mainstreamed’; these consisted of research projects and employment activity; for example, South Tyneside Pact funded research into young people and enterprise, which directly informed the mainstream ‘Enterprise in Education project; however, the lack of any funding available dedicated to taking forward successful ideas limited the value added of the Pact programme;
- a new **focus on employment** in local partnerships; in most Pact areas, local partnerships already undertook economic development and regeneration, but the Pacts encouraged discussion of employment and provided a specific source of funding dedicated to employment. For example, the co-operation stimulated by the South Tyneside Pact led directly to a Jobs Fair for local residents. The Jobs Fair was not particularly innovative, but successfully placed many people in jobs;
- a higher **profile** of pilot areas in Brussels and across Europe more generally. The Pact enabled local practitioners to have direct contact with the European Commission – some for the first time. This higher profile supported localities and sub-regions in their efforts to gain Objective 1 or 2 status: West Cornwall and Barnsley²⁹³ securing Objective 1 status for the first time; Derby and Leicester²⁹⁴ securing Objective 2 status;
- **networks** for sharing new and innovative practice in employment; Pacts enabled local partners to link into a wider network of practitioners from which they could learn; for example South Tyneside and Barnsley Pacts co-operated in two joint events to share experiences of employment in areas of industrial decline;

²⁹² Northern Development Company and East Midlands Development Company being examples.

²⁹³ as part of the wider South Yorkshire sub-region.

²⁹⁴ both part of the East Midlands 3-Cities Pact.

Tottenham Pact co-founded the ‘MetroTEP’ network of urban Pacts; the UK Pacts formed a national network and also shared best practice with the Irish Pacts²⁹⁵;

- **exchange marts** in Turku and Brussels²⁹⁶ helped to disseminate good ideas and best practice and were highly valued by participants; moreover, the *format* of these events was particularly innovative and should inform the design of future events both in the UK and elsewhere.

2.3 Dead weight / Displacement effects

The technical assistance funding offered to Pacts was insufficient to test a large number of new ideas and to mainstream them. Pacts therefore had to ‘bend’ existing funding to finance new pilot projects i.e. they had to displace other activities in order to free up funding. Alternatively, the technical assistance was used to fund existing initiatives or ‘pet projects’ that were waiting for funding, i.e. dead weight.

Additional funding from other sources was limited, to about 30% of the EU funding and mostly supported technical assistance rather than new projects. Moreover, much of this additional funding was in the form of staff time (to administer the Pact), rather than genuinely new funding levered in.

As noted elsewhere, one weakness of the Pact programme was the absence of a funding source dedicated to developing project ideas generated by the Pacts. Without such a funding source, Pacts had to compete with other players for funding to implement new approaches to employment, thus leading to displacement.

2.5 Employment and development impact and commentary on the quantification of such impact

By themselves, the UK Pacts had minimal impact on employment and development, in terms of quantifiable outputs. The Pacts report that their intention was never to do this, but to generate new ideas and test new approaches. There are examples of individual projects that did produce quantifiable outputs (for example South Tyneside Jobs Fair; St Helens ‘TEDCO’ project). However, the Pacts considered the real value of these projects to be more in terms of the lessons learned than the direct job outputs, though these were obviously important.

Quantification of the overall employment and development impact of the Pacts is impossible. Firstly, the impact is indistinguishable from the mass of other initiatives operating in all the Pact areas, not to mention general economic growth. Secondly, the Pact programme itself did not provide funding for (many) real projects – it had to bend existing resources in. There is then a real danger of double counting of outputs.

²⁹⁵ A particular area of interest for the UK Pacts was the Irish Government’s ‘amnesty’ for those running businesses (and sometimes employing staff) in the informal economy, whilst claiming benefits; although not possible under current UK law, it may at some point be tested in the UK.

²⁹⁶ The event in Naples in 2000 was considered less successful.

Indeed, some project managers were hostile to the Pacts ‘counting’ their outputs as these outputs were already attributed to other funding sources²⁹⁷.

2.7 Problems and obstacles faced

In summary, the key problems and obstacles faced by the UK Pacts were:

- the small amount of funding dedicated to the Pacts. A large proportion of the technical assistance was usually required for staff costs, publicity, transnational activity, evaluation etc. The funding remaining for testing new projects was very small. Pacts therefore had to rely on ‘bending’ mainstream funding to test innovative ideas;
- the plethora of better-funded, competing initiatives in operation at the same time, particularly those of the UK Government, such as New Deal, Employment Zones etc. These diverted attention and political support away from the Pacts and helped create a ‘crowded’ governance context;
- a weak policy line from the Commission. The UK Pacts report that it was unclear what the Commission was expecting them to achieve, particularly at the outset. This was not helped by a perceived change in emphasis from innovation to outputs;
- the late start and continuing weak support from the UK Government;
- lack of local political backing; staff dedicated to the Pact were mostly junior and were not always given significant senior level support, especially at the outset. This reflects the small amount of funding received by Pacts in relation to other initiatives operating at the same time;
- no obvious mainstreaming route was identified for successful new approaches. The Commission did not require the new regional Structural Funds programmes to include Pacts and in most cases, therefore, they did not;
- intermittent and low level of support from the TAO. The level of support offered by the TAO was severely limited by the value of its contract with the Commission. Moreover, the TAO complains of late/non-payment by the Commission as well as continuing demands for information from the headquarters of EI2000. The Pacts report that support from the TAO, although useful, was inadequate to the needs of a pilot programme. Moreover, delays in approving the TAO contract (indeed at one point a change in contractor) meant that at times the Pacts received no technical assistance.

3 Sustainability, Mainstreaming and Multiplier Effects

3.1 Mainstreaming in Structural Funds 2000-2006

²⁹⁷ This issue was particularly noted in the West Midlands.

The priority of the UK Pacts at the outset was to establish themselves rather than to prepare for mainstreaming. Local partnerships were also pre-occupied with lobbying for Objective 1 or 2 status, rather than securing the future of the Pacts. There was however, a move towards mainstreaming the Pacts into the new Structural Funds programme, from about mid-1999 onwards.

An underspend²⁹⁸ on current programmes in other member states was directed into the Pacts and served to fund the mainstreaming of Pacts. In the UK however, there was no deflator and so no underspend for the Pacts to receive. It was necessary therefore to seek continued funding from the new programmes.

At the Brussels exchange mart²⁹⁹, the European Commission stated that it wanted Pacts incorporated into operational proposals at regional level in the new Structural Funds programmes. However, the ultimate decision was left with the regions themselves, with the Commission representatives reduced to the status of adviser on Monitoring Committees.

The TAO took the lead in approaching regional Programme Monitoring Committees in an effort to get Pacts inserted in the new Regional Development Plans for Objectives 1,2 and 3. Presentations were made to Committees in support of existing Pacts and encouraging the development of new ones. However, since there was no requirement for Pacts to be included, the partners representing areas without Pacts did not see the need for new Pacts (since they were already operating local partnerships) and were reluctant to see the Pacts receive preferential treatment.

Programme Monitoring Committees chose therefore to spend money on national priorities, rather than on (what was perceived to be) Commission priorities, reflecting the more general swing of power back to Member States, since the resignation of the Commission in 1999.

Notwithstanding this, some references to Pacts are to be found in Regional Development Plans. For example, the East Midlands Objective 3 RDP states one of its priorities as '*Projects in support of the East Midlands 3-Cities Territorial Employment Pact*'.

But the Pacts as a whole are not entitled to any new funding, other than by submitting competitive bids on a project by project basis. Consequently, partners have largely chosen to disband and submit bids for EU funding in their own right (albeit in the context of their local partnerships), rather than by putting forward an integrated strategy in the form of a Pact.

3.2 Other replication and Multiplier Effects

It is hard to identify any replication or multiplier effects from the UK Pacts. The UK Pacts struggled for recognition nationally and, in some cases, in their own localities.

²⁹⁸ resulting from the 'deflator'.

²⁹⁹ 8-10 November 1999

No new Pacts have been created outside the one0 pilot areas and few new ideas taken up by outside organisations.

3.3 Necessary conditions for Sustainability

The necessary conditions for sustainability in the UK of an initiative such as the Pact programme can be summarised as:

- recognition and support from the UK Government;
- continued European Commission support;
- an identified route for mainstreaming, with clear funding opportunities;
- strong match with national policy priorities;
- programme designed such that it works with and not against the flow of funding from other sources;
- target areas relating to areas of governance, i.e. expecting competing areas to work together is not realistic, unless driven by funding opportunities³⁰⁰;
- active national network of practitioners;
- sufficient and consistent level of support from a TAO.

3.4 Lessons learned

- The co-operative model of funding is not appropriate to the UK, where competitive bidding is the norm. However, this may change as regional funding such as SRB, Skills Development Fund etc. are merged into a ‘single pot’ to be administered by RDAs.
- New initiatives should take account of the state of local governance context and not be introduced into a crowded environment. There is a need for streamlining of initiatives and of governance more generally.
- UK policy and EU policy needs to be more closely harmonised, e.g. Pacts and Employment Zones (or Pacts and New Deal) could have been a single initiative from the beginning.
- There is a continuing demand for ‘thinking’ money to develop and test innovative approaches to employment, which can be mainstreamed if successful. This requires flexible funding which is not tied to outputs. No funding source currently allows this, although the RDAs’ Skills Development Fund comes closest.
- The experience and innovation of the Exchange Marts should be built on as an example of good practice in dissemination. Other events such as Employment Week could borrow from the format of the Exchange Marts.
- Local authorities, if not already doing so, must move beyond traditional economic development (infrastructure) activities to address local employment, in partnership with other local stakeholders.

³⁰⁰ West Midlands Pact and 3-Cities Pact in particular suffered in this respect.

- Partnerships of local organisations can benefit from direct contact with the Commission, both in terms of raising the profile of their localities and in terms of understanding European policy and practice better.

CASE STUDY: ST HELEN'S

THE BACKGROUND TO THE PACT:

Spatial context

St Helens is a metropolitan borough of population 179,000 and 13,600ha in size. It is situated in Merseyside, between the cities of Liverpool and Manchester in the North West region. The commercial and administrative centre is the town of St Helens, the sole conurbation of any significant size. St Helens is closely linked to Liverpool and Manchester by train and the M62 motorway.

Economic characteristics of the Territory

Traditionally, St Helens has specialised in the coal, glass and chemicals industries with a small number of very large employers dominating. However, employment in these industries has declined in recent decades, estimated at 20,000 redundancies³⁰¹ between 1979 and 1996. Over-reliance on these industries has limited the growth in the local SME base and inhibited any real enterprise culture. Indeed, St Helens has proportionately less people in self-employment, than the regional and national averages.

Labour Market context

Like the rest of the UK, the service sector in St Helens has created significant numbers of new jobs. However, these have been insufficient to replace those lost from the traditional industries. Moreover, many new service sector jobs have been part-time and filled by women. Consequently, at the outset of the Pact, there was a high rate of unemployment for men. Many of these men had worked in industry for years and did not possess the skills necessary for the new service sector jobs.

In March 1998, unemployed across the borough stood at 7% compared to the regional average of 6.2% and national average of 5.8%³⁰². The Pact action plan highlights youth and long-term unemployment as particular problems.

³⁰¹ St Helens Territorial Employment Pact Action Plan August 1998

³⁰² NOMIS: March 1998

Employment policy and intervention context

A study produced by consultants proposed an intervention context based on *job creation* and *job capture*. Given the labour market context, such an approach was appropriate, i.e. one including both supply-side and demand-side measures. In short, St Helens was suffering from a low demand for labour generally, but also from structural unemployment, i.e. local unemployed people were unable (or unwilling) to gain employment where jobs were available.

Unlike Tottenham, St Helens was some distance away from any significant sources of new jobs, since the wider Merseyside area was in decline and Manchester is 23 miles away. Demand-side measures were needed to increase the availability of new jobs locally. The partnership therefore chose to focus on job creation, particularly within community enterprises.

Supply-side measures were also needed to ensure that local unemployed people were able to access jobs where they were available, for example in new industries or outside the borough. The partnership chose to focus on job capture, but primarily by filling the gaps in current provision.

Governance context and Strategic Fit

St Helens Pact was inserted into a governance context with a tradition of close working between the different partners and a degree of mutual respect and understanding. Ravenhead Renaissance was already in existence as a partnership for regeneration. It brought together the key partners to deliver programmes including SRB and had already a formal structure and a Board.

The governance context also featured a number of major initiatives initiated independently of the Pact, including the Merseyside Objective 1 programme³⁰³, the New Deal and Action for Jobs.

The Objective 1 programme included ‘Pathways’, a mechanism for involving residents of the most deprived areas in the regeneration of ‘Strategic Investment Areas’. Pathways groups had a remit for identifying local needs and recommending measures to address them. For example, they worked with St Helens College to install learning centres in the community.

Pathways groups were operational in St Helens at the time of the Pact, with a Steering Group chaired initially by the St Helens Council for Voluntary Service (CVS)³⁰⁴ and later by Grosvenor Housing Association. As such, they constituted a grass roots, ‘bottom-up’ approach to development, taking place below the municipal level.

The New Deal for 18-24 year olds (and subsequent New Deal programmes for other target groups) also came into operation during the life of the Pact. Implementation was the responsibility of the (national) Employment Service, with the College

³⁰³ 1994-1999

³⁰⁴ the local ‘umbrella’ organisation for the voluntary and community sector

contracted to deliver the ‘Gateway’ service and St Helens Chamber contracted to deliver three of the options³⁰⁵. A Strategic Advisory Group oversaw the New Deal and its members included most, if not all, the key partners from the Pact. However, its strategic focus was solely on the New Deal, not on employment more generally.

The Employment Service also delivered Action for Jobs, a central government initiative introduced by the Department for Work and Pensions. Action for Jobs aimed to reach to find and support unemployed people who would not otherwise have access the services of the Job Centre. Its target areas were the most deprived areas, which tended to be the same as the Pact and Pathways.

Overall, a plethora of agencies was undertaking economic development, both locally and regionally. Each of these agencies worked to a separate agenda to undertake various regeneration roles. Together with the range of funding sources available (Structural Funds, New Deal, SRB), this range of agencies made for a crowded governance context in which the Pact was to operate.

The governance context was also changing. A new Regional Development Agency³⁰⁶ – appointed and funded by the UK Government – was to replace several existing partners. This new Agency would establish a regional strategy and administer large amounts of funding for economic development. Other changes during the life of the Pact were the replacement of the TEC by a sub-regional Local & Skills Council.

Application process

As elsewhere in the UK, the regional Government Office oversaw the application process. The Government Office invited bids for Pact funding and recommended St Helens to the UK Government for approval.

The deadline for submission of bids was extremely tight and allowed very little time for full consultation with partners. St Helens Council took responsibility for preparing and submitting a bid.

After the success of the initial application, a Steering Group was formed to take forward the Pact, under the management St Helens College. This Steering Group enabled a fuller consultation than had been possible at the outset. The Group included key local organisations from the public, private and voluntary sectors with a role in local employment. At this point, the Pact became a genuine partnership, but one that was separate from existing structures such as New Deal or Ravenhead Renaissance.

³⁰⁵ New Deal options are: work experience, voluntary work, training or environmental task force.

³⁰⁶ 1 North East

DIRECT OUTPUTS AND RESULTS OF THE TEP

Pact mission

As noted above³⁰⁷, the Pact mission emerged from a consultant's study and was about both job creation and job capture. Its overall aim was to recognise the wealth of existing activity, support actions not yet delivered by individual partners and establishing mechanisms for partners to work on these 'gap' areas.

The overall objectives were:

- to increase the number of both profit making and community enterprises;
- to develop new and existing pilot projects aimed at assisting the unemployed;
- to explore the potential to develop new sources of employment;
- to implement local labour initiatives.

Extent to which Pacts met the 4 broad Programme objectives

Bottom up approach

The Pact did not introduce a new bottom-up approach to policy and practice in St Helens. Instead, it provided cohesion and added value to a bottom-up approach that was already emerging. It also provided an important link between national initiatives and grass roots community activity.

The Pact built on an existing local partnership that already included the local authority, the Chamber of Commerce and the College. However, this existing partnership lacked a strong focus on either employment or on community economic development. Indeed, partners report that mainstream activities, such as inward investment, tended not to consider social exclusion.

The Pathways groups were already established at the outset of the Pact. There was, then, a ready-made structure for the Pact to engage with the local community in target areas. Moreover, this structure was already in receipt of EU funding and recognised by local partners, as well as national government and the European Commission. It was appropriate therefore for the Pact to work through and with the Pathways groups, rather than create new structures. Indeed, partners report that the Pact took on a valuable facilitation role for Pathways.

The Pact also enabled a more local approach to employment, which was not undertaken by national initiatives. Both New Deal and Action for Jobs had limited local flexibility to innovate at the local (municipal) level. The Pact filled a gap in that respect, by allowing greater discussion of employment at the local level. Also, the external evaluation suggests that provision of secretariat support enabled more bottom-up activity to take place.

³⁰⁷ Section 1.4

Broad based partnership

St Helens Pact was delivered by a broad-based partnership of local organisations. In all, fourteen organisations were represented on the Steering Group, with the local authority, Chamber and College taking lead roles. Other partners included trade unions, careers service, a housing association and Ravenhead Renaissance³⁰⁸.

Two sub-groups - the Local Labour Partnership Group and the Community Economic Development Group - enabled representation from a wider set of partners. Project Task Teams came together to initiate activity in Construction, Retail etc.

Integrated strategy

As noted earlier, St Helens Pact included both job creation activities and job capture activities. However, interim and final reports³⁰⁹ suggest that the theme of job creation appears to have remained fairly undeveloped. In particular, the proposed activities focussing on Community Business and Community Microbusiness Development do not appear to have been taken forward.

Instead, activity has focussed primarily on job capture. For example, the Pact has helped prepare unemployed people for identified job opportunities and link them to employers. There has also been a strong emphasis on local labour charters, i.e. encouraging contractors to employ local people.

Some projects supported appear to have a fairly weak employment content and seem somewhat ad hoc, e.g. refurbishment of a municipal park, renovation of properties.

one important element of the Pact was the development of a Community Economic Development Strategy for St Helens, although partners suggested that this would probably have happened anyway. Nonetheless, it will at least ensure an integrated strategy is followed for future activity.

Innovative elements of Pact's activities and working methods

The innovation of the Pact is modest and mostly innovative for St Helens, rather than being innovative in national or European terms. Key elements of innovation are:

- the 'thinking' about employment, which took place at the local level. Partners had never before had a funding source with as much flexibility for testing pilot approaches. The Pact Steering Group did genuinely bring partners together to generate ideas and debate local approaches to employment, indeed, the Local Labour Market Partnership has continued beyond the life of Pact funding.
- innovative pilot projects; these emerged from research supported by the Pact and from the ideas put forward by partners. For example, the local labour charter is innovative, as it not only encourages contractors to employ local people but also

³⁰⁸ the existing partnership company delivering physical regeneration

³⁰⁹ March 2000 and February 2002 respectively.

prepares those people for construction employment. The development of intermediate labour market activity was also innovative locally.

OUTPUTS AND RESULTS RELATING TO EMPLOYMENT AND ECONOMIC DEVELOPMENT

Employability

- The Pact funded an expansion of the Chamber's 'Construction Action Team' enabling 10 new trainees to be trained.
- Employment Compacts: 19 people offered training, with the guarantee of an interview with a local employer. Of these, seven gained employment and four became self-employed.

Entrepreneurship

St Helens Pact included no direct objectives to address entrepreneurship. This is disappointing, since the Action Plan included projects involving Community Business and Community Microbusiness Development.

Adaptability

St Helens Pact included no direct objectives to address adaptability.

Equal opportunities

St Helens Pact included no direct objectives to address equal opportunities.

Removing barriers and creating new sources of jobs

The Local Labour Market Partnership (a sub-group of the Pact) initiated activity that removed barriers to employment, including the development of recruitment packages for unemployed people to gain jobs with employers moving into the area. For example, the Pact worked with one employer opening a new data processing plant to develop a recruitment package targeted at Pathway areas. This project enabled:

- 60 people to receive accredited IT training;
- 53 of these trainees to gain employment with the new employer.

The Pact also supported the development of a Community Economic Development Strategy for St Helens.

Job creation

St Helens Pact enabled the development of a 5-year Intermediate Labour Market Strategy for the borough. The Pact supported a feasibility study, but it is not clear what the outputs were.

Monitoring and evaluation

The partnership commissioned an interim internal evaluation in October 1999 and a final evaluation at the end of the Pact. Reports were produced for each evaluation.

ADDITIONAL BENEFITS OF THE TEP

The final evaluation reported that:

- the Pact had been important in funding and disseminating feasibility studies for community initiatives;
- the secretariat had offered useful support in enabling activity to happen in Pathways areas;
- ‘seedcorn’ funding had been valuable in supporting local initiatives;

MANAGEMENT OF PACTS

Roles of key stakeholders involved in the implementation and management of the TEP:

Efficiency of managers/sponsors

St Helens Borough Council has a tradition of delegating roles in economic and community development to organisations that it sees as better placed to deliver. The Pact was no different in this respect. Although the Council prepared and submitted the initial bid for funding, it handed responsibility for management to St Helens College.

With hindsight, the College does not appear to have been the most appropriate partner to manage the Pact, given its limited involvement in job creation and job capture. However, partners seem reasonably satisfied with the management during the first period of funding (1998-99).

Management of the second period of funding (2000-01) transferred to the Chamber, although it is not clear why. The Chamber was, however, a more appropriate body to manage the Pact, which it used to further its own role in community economic development, including development of the CED Strategy.

Attitudes of other actors/agencies towards the Pact

Partners generally supportive – tradition of partnership working and genuine interest in ‘thinking’ about new approaches to employment.

Support from Commission rapporteur and role of national experts

Like all the UK Pacts, St Helens received support from the EI2000 national experts, initially from EI2000 and later from Kingston University. Most support was received via the meetings of the UK network of Pacts.

Pact partners report that the national experts were offered useful support at the strategic level. However, Pact staff would have welcomed a higher and more consistent level of support, particularly in the first two years. In particular, EI2000 was not able to offer sufficient support with the bureaucracy attached to the ERDF funding, though Kingston University was able to be more supportive in the later period.

Overall assessment of management structures and procedures

Pact resources

Local partners added to the technical assistance budget. Partners also offered a significant amount of staff time for management and administration, for example attending Steering Group meetings.

However, like all UK Pacts, St Helens Pact did not have sufficient resources to deliver the ambitious objectives expected by the European Commission. Aside from the technical assistance, the Pact’s resources consisted almost entirely of mainstream programmes. Some projects featuring in the Pact work-plan were not reliant on Pact funding and probably would have taken place in the absence of the Pact. Others were ad hoc projects, which met the priorities of partners rather than addressing employment.

DISSEMINATION AND NETWORKING ACTIVITIES

- Participation in transnational exchange marts
- Participation in UK network events, including joint meeting with Irish Pacts
- Generally low profile of Pact, especially in relation to business; policy of partners was to ‘shield’ business from the complexities of various public sector initiatives and focus on providing a service

MAINSTREAMING

Into Structural Fund programmes 2000-2006

- The Pact has not been inserted into the new Merseyside Objective 1 programme, although some activities will continue within the Pathways groups

Other forms of sustainability of TEP interventions

- Few projects continue in their own right.
- A partnership for employment and regeneration continues in St Helens.
- The policy framework for intervention continues in the form of the Community Economic Development Strategy.

CASE STUDY TOTTENHAM

THE BACKGROUND TO THE PACT:

1. Spatial context

Tottenham is an inner-city area within the London Borough of Haringey (i.e. the Pact area is below the municipal level). It is adjacent to the prosperous central London area with direct road and public transport links. Tottenham also has direct rail connection to Stansted Airport.

2. Economic characteristics of the Territory

The Pact territory features some former industrial areas which have suffered from the decline and restructuring of manufacturing. At the outset of the Pact, Tottenham formed part of the wider East London and Lee Valley Objective 2 area.

The largest local employers were in the public sector, principally the National Health Service and Haringey Borough Council (including schools and social services). Few large private employers were located locally. Those that were included Arriva, various retailers, some wholesalers plus manufacturers in nearby Enfield.

Tottenham's population throughout the life of the Pact was ethnically diverse, including both newly arrived immigrants and refugees and more established minority communities. Black and minority ethnic communities were concentrated in areas of disadvantage.

3. Labour Market context

Tottenham is situated within one of the wealthiest and most dynamic regional economies in Europe. Indeed, during the life of the Pact, London experienced and increasingly tight labour market with many skills shortages emerging. However, local unemployed people within Tottenham often lacked the skills, qualifications, experience and confidence to get jobs or travel to jobs. Consequently, the local unemployment rate remained persistently high.

Moreover, many new jobs were created outside the target area rather than in Tottenham. Indeed, there were few new local sources of jobs, although developments within the Objective 2 programme did create more. Most new jobs were created outside the borough, for example in Central London or at Stansted Airport.

According to the Borough Council, there was a perceived reluctance of some unemployed people (especially ethnic minorities) to travel outside the borough to work, thus limiting the extent to which local residents captured these new jobs.

Another important cause of unemployment was the very low educational achievement within the target area. Young people were leaving school poorly qualified and with basic skill needs. The result was youth disaffection, high crime, unemployment etc.

High unemployment, especially amongst ethnic minorities

Finally, Tottenham's unemployment rate remained high due to a high turnover in population. Those who gained skills and employment tended to move out of the area and be replaced by unemployed people or refugees (many with English language needs). So problems remained, despite many individual successes.

4. *Employment policy and intervention context*

Haringey Borough Council started seriously to consider employment with the Local Economic Development Plan. The Plan was previously too focussed on property, as was the Objective 2 programme, with employment marginal to both.

In 1997 the Tottenham Partnership commissioned a major study of the local labour market, the Haringey Employment Commission. A key recommendation of the Commission was for partners to enable local residents to access employment opportunities outside the borough. Other recommendations focused on addressing exclusion and racial discrimination.

A partnership for employment already existed then in the target area – the Tottenham Partnership. This partnership was already delivering employment activity at the outset of the Pact, including:

- 'Tottenham Futures' SRB programme creating 'pathways' into work for 16-24 year olds;
- New Deal 18-24 pilot: Tottenham Partnership had a strategic monitoring role, although New Deal was delivered by central government through the Employment Service.

It was necessary for the Pact to complement this existing activity. The intervention context, then, related to the insertion of disadvantaged groups in the labour market, primarily young people from ethnic minorities.

5. *Governance context and Strategic Fit*

As noted in Section 1.4 three large employment-related programmes³¹⁰ were operating in the target area and one further programme, the Employment Zone³¹¹. These programmes received far more resources and UK Government support than the Pact, so the Pact had to seek to add value to them, rather than operating entirely independently. However, the Pact offered the opportunity to innovate, which was more limited in the other programmes, given the more challenging targets attached to them. The governance context, then, was crowded, with the Pact's distinctive feature being the small amount of 'risk' money, to complement the larger amounts of mainstream funding.

³¹⁰ Objective 2, New Deal, SRB

³¹¹ An area-based employment initiative, designed and funded by central government, but administered locally.

6. Application process

The Government Office for London oversaw the application process. Haringey Borough Council learned about the opportunity for Pact funding and prepared a bid, which it submitted to the Government Office. As elsewhere, the deadline for applications was very short and allowed limited consultation with partners. However, the Tottenham Partnership was already in existence and working to an agreed strategy. The Council could therefore, to a certain extent, assume the support and consent of partners.

Once the funding was approved in principle, the Council took the lead on creating a more focussed body for delivery as the Tottenham Partnership was too broad. It therefore established a Pact Steering Group, within the overall structure of the Tottenham Partnership. The Secretariat function of the Pact resided in the Strategic Unit of the Council.

DIRECT OUTPUTS AND RESULTS OF THE TEP

Pact mission

The Action Plan³¹² states the mission of the Pact to be:

“to ensure an effective partnership to get Tottenham people into work and tackle economic exclusion”.

Within this overall mission, the Action Plan lists three key objectives:

- to tackle exclusion from the labour market;
- to create pathways into sustainable employment;
- to ensure new sources of work experience and employment.

As noted above, the Pact was small in relation to other employment programmes operating at the time. Within the overall mission, the emphasis was on creating (or rather strengthening) a partnership for employment, testing new ideas and incorporating successful ideas into the mainstream. There was a particular focus on disaffected youth and on ethnic minorities.

Partners report that they were initially confused by the ‘Pact’ principle. At the outset, it was not clear to them what the Pact was trying to do that was different from the existing programmes. The Tottenham Partnership had more money and a wider agenda than the Pact. There was therefore some confusion (in the minds of partners) between the different funding sources, and some saw the Pact money and the Council money as one and the same.

³¹² Tottenham Territorial Employment Pact Action Plan 1998-99

Extent to which Pacts met the 4 broad Programme objectives

Bottom up approach

Viewed from Brussels, the Pact introduced a genuine bottom-up approach. Indeed, all the ‘thinking’ was done at the local level. Partners report that, for the first time, they received funding to develop ideas into pilot projects and generate action from research findings. This was in marked contrast to other programmes, which are designed at the regional, national or European level and allow less local innovation.

Viewed locally however, the Pact remained a local authority-managed initiative, overseen by a partnership operating at the municipal level. The Council administered the Pact (through the Strategic Unit) and acted as the accountable body. It was therefore the key driver in the partnership and exerted most control.

Most ideas were generated at the municipal, rather than grass-roots level. The community sector was mostly involved through representative organisations rather than practitioners. However, viewed historically, the Pact was a step forward, in terms of introducing a bottom-up approach.

Broad based partnership

A very broad overarching partnership, the Tottenham Partnership, was already in place, at the outset. So the Pact did not need to create a new partnership. Indeed, the Tottenham Partnership already included key public and voluntary sector organisations, trade unions, some major employers and the local Member of Parliament.

The Pact Steering Group became a subset of the Partnership, with wide membership. It included the Council, trade unions, TEC, voluntary sector, regional government office, college and two employers.

The external evaluation reports that the Pact has engendered more effective partnership working:

- Steering Group created a more dynamic environment for problem solving and new approaches.
- Overall Pact had the support of key agencies involved with employment.
- Strengthened employment and training delivery system and stimulated the demand side
- Local agreements with employers enabled resources to be channelled into projects

Integrated strategy

The Pact was almost entirely focussed on supply-side measures. This was the most appropriate approach, since Tottenham needed above all to enable local residents to gain employment. Indeed, the Haringey Employment Commission demonstrated the need for such an approach. Demand-side measures were less necessary as the regional economy was dynamic and creating jobs; also Objective 2 was undertaking

capital developments, which could be expected to generate jobs suitable for Tottenham residents.

However, the Pact did introduce some job creation projects, based around the social economy. These were innovative locally, although often based on experience elsewhere. They included several intermediate labour market projects³¹³.

Innovative elements of Pact's activities and working methods

Innovation within the Pact consisted of:

- a new approach to employment based on enabling people to find jobs outside the borough, especially at Stansted Airport;
- some new project ideas;
- bringing together different funding programmes to serve a common strategy, with an element of common branding.

The external evaluation notes that the first phase included more innovation and risk-taking. In contrast, the extension period was more focussed on consolidation.

INDIRECT OUTPUTS AND RESULTS RELATING TO EMPLOYMENT AND ECONOMIC DEVELOPMENT

Activity that the Pact supported is listed in Sections 3.1 to 3.6. Support from the Pact consisted of funding or partnership recognition. Some activity was initiated by the Pact; other activity was already taking place, but was incorporated into the Pact Action Plan.

Employability

- 'New Deal for Refugees' – diagnosing employment needs of young refugees and piloting a customised employment programme
- 'Nortel³¹⁴ NEWS' – evaluation of Nortel's Education for Work Scheme

Entrepreneurship

Tottenham Pact included no specific actions to address entrepreneurship.

³¹³ See Section 3.1

³¹⁴ A large local employer.

Adaptability

Tottenham Pact included no specific actions to address adaptability.

Equal opportunities

- ‘Diversity is Good for Business’ – tackling racial discrimination in employment
- Employment Zone Intermediate Labour Market – ensuring that a Pact perspective on intermediate labour markets was incorporated into the new Employment Zone

Removing barriers and creating new sources of jobs

- ‘Quality in the New Deal’ – developing quality standards in local guidance services
- ‘Pathway Guidance for Adults’
- ‘New Deal Gateway Evaluation’ – evaluation of the guidance element of the New Deal programme for Tottenham
- ‘Designing Employer Links’ – linking residents with job opportunities outside the area
- ‘Customised Training Guides’ – aimed at employers and training providers
- ‘Customised Training for Stansted’ – linking unemployed people to jobs at Stansted Airport, particularly using the direct rail link
- ‘Construction Industry Network’ – a network of employers and trainers in the construction industry
- ‘Haringey Health Employment’ – a partnership to identify employment opportunities and support potential employees

Job creation

- ‘Community Arts’ –intermediate labour market project in the cultural industries
- ‘Builders Network’
- ‘Haringey Wise’ – evaluation of a local environmental intermediate labour market project
- ‘Recycling in the Community’ – a local recycling intermediate labour market project
- ‘Voluntary Sector Employment’ – job opportunities under the New Deal

- ‘CREATE’ – white goods recycling project, creating 60 intermediate labour market opportunities
- ‘Brighter Futures’ – social enterprise delivering home services
- ‘Optima’ – work experience in the photographic industry

Monitoring and evaluation

The Strategic Unit of Haringey Borough Council undertook the monitoring of the Pact. Staff within the Unit report that they would have welcomed more guidance from the Technical Assistance Office, with respect to monitoring, particularly of the European funding. For example, the reporting requirements of EU funding tend not to fit easily into the financial systems of local authorities.

A full external evaluation undertaken by private consultants in conjunction with the University of Birmingham. The evaluation considered both the Pact ‘process’ and individual projects within it. The evaluator demonstrated a good understanding of the Pact approach to employment.

ADDITIONAL BENEFITS OF THE TEP

The external evaluation notes the following benefits:

- ‘Seedbed’ activities leading into main programme funding
- Influencing other government schemes by working at the margins to make them more accessible to excluded groups
- Influencing the shape and practical application of new government schemes
- Targeting appropriate growth sectors that could provide employment for the socially excluded, including recycling, health, horticulture, catering and retail
- Involving employers in the Steering Group and in individual projects
- Intermediate Labour Market activities, as a forerunner to the Employment Zone, creating 14 jobs
- More flexible project planning and implementation
- Greater emphasis on evaluation, particularly in relation to ‘risky’ projects
- Publicising role models
- Levering in additional external resources

MANAGEMENT OF PACTS

Roles of key stakeholders involved in the implementation and management of the TEP:

Efficiency of managers/sponsors

Haringey Borough Council contributed significant staff resources to the management and administration of the Pact. No dedicated Pact co-ordinator was appointed, which freed up resources for project activity. However, the downside was an amount of discontinuity in the overall management. Staff report that at times they would have welcomed a dedicated Co-ordinator, who did not face competing demands from non-Pact activity.

Attitudes of other actors/agencies towards the Pact

A wide range of partners signed up to both the Pact and the wider Tottenham Partnership. They remained committed throughout the life of Pact activity and beyond. Indeed, most partners from the Tottenham Partnership continue to be active in the Haringey Partnership that superseded it.

Support from Commission rapporteur

Pact staff report that the Desk Officer for the London region in DG Regio changed frequently, so did not keep up to date with the Pact. There tended to be a one-way flow of information from the Pact to the Commission, i.e. the Desk Officer offered little information on behalf of the Commission, only the technical assistance money. None of the Desk Officers ever visited the Pact. Pact staff suggest that this was because of the greater time commitment of the Objective 2 programme.

Role of EI2000 national experts

The Tottenham Pact reports that the TAO offered useful support at times, both from EI2000 and Kingston University. However, at times the TAO did not understand the local context and could have offered more help with the bureaucracy related to funding, e.g. provision of suitable software would have helped.

Pact resources:

Institutional and human resources levered in

Significant amounts of staff time were offered for the management and administration, primarily by Haringey Borough Council. Other partners offered staff time for meetings of the Steering Group and the Contracts Group. This commitment was fundamental to the operation of the Pact.

Financial resources levered in

The evaluator notes that the Pact was successful in leveraging in mainstream funding for its activities. Indeed, the Action Plan lists some £1.9m of public money and £229,000 of private money financing projects within the Pact programme.

However, it is impossible to determine how much of this funding was genuinely new money levered in by the Pact and how much was existing activity that would have taken place regardless of the Pact. As with all the UK Pacts, the Tottenham Pact relied very much on ‘bending’ mainstream programmes to the Pact’s priorities.

The Final Reports for the initial³¹⁵ and extension³¹⁶ phases note more modest totals for actual expenditure undertaken. These reports list only funding directly within the Pact budget rather than mainstream programmes associated with the Pact.

Resources levered in by the Pact are detailed in Table 5.1.

Table 5.1

EURO	EU funding	Match funding	Total
Initial Phase	200 000	134 871	334 871
Extension Phase	100 000	25 138	125 138
Total	300 000	160 009	460 009

DISSEMINATION AND NETWORKING ACTIVITIES

Tottenham undertook a range of dissemination and networking activities throughout both the initial and extension phases. The co-ordination of the Pact with other programmes, such as New Deal enabled the Pact to have a higher profile than most of the UK Pacts. Indeed, the Partnership ‘branded’ its full range of employment activity as ‘Pact’, thus creating a strong positive image.

This common branding extended to the production of a promotional pack. The pack provided details of key projects delivered by the Partnership, both with and without Pact funding. A local launch event was also held in 1998.

The external evaluation notes that the Pact recognised the importance of publicising successes, particularly where there were good role models. An example given was that of unemployed residents who had gained jobs at Stansted airport.

Partners from the Tottenham Pact participated in the transnational exchange marts, organised by EI2000 and the Commission. Participants were mostly from the Pact Secretariat at the Strategic Unit of Haringey Borough Council, as well as other senior Council representatives. one of the Pact’s projects was also exhibited at the Brussels exchange mart.

³¹⁵ January 2002

³¹⁶ February 2002

The Tottenham Pact participated fully in the UK network, attending all events, as well as hosting one of the early meetings. Pact staff were also involved in the joint meeting with the Irish Pacts and the national event with Employment Zones.

Of particular interest was METROTEP – a grouping of Pacts from five large northern European cities. The METROTEP network aimed to develop common themes and share good practice in employment strategy and implementation. Tottenham Pact participated in the network, attending meetings throughout the life of the Pact. Although most Pacts developed transnational contacts at some point, few went as far as the METROTEP network, in terms of the extent of co-operation.

In addition to the exchange of experience, the METROTEP also developed two projects, albeit led by partners other than Tottenham: a transnational project to address social exclusion; the AVALON project.

MAINSTREAMING

Into Structural Fund programmes 2000-2006

The Tottenham Pact as a whole has not been mainstreamed into the new Structural funds programme. Indeed, the Pact has not continued as an initiative in its own right. However, the Pact generated many new project ideas and some of these could be expected to come forward for funding from the new Objective 2 and 3 programmes.

Other forms of sustainability of TEP interventions

Although the Tottenham Pact has been discontinued, the Pact Steering Group became the Haringey Employment Partnership. As such it continues to implement a partnership approach to employment within Tottenham (and the wider borough). New projects and activities are continued according to the funding sources available. Like elsewhere, a distinctive ‘Pact’ approach therefore continues only as far as is possible within the requirements of new or different funding programmes.

CASE STUDY - TYNNESIDE

The Background to the Pact:

Spatial context

South Tyneside is a small urban borough (6443ha) within the wider conurbation of Tyne & Wear in the North East of England. The Borough's main commercial and administrative centre is South Shields and other centres include Jarrow and Hebburn.

South Tyneside has the natural boundaries of the River Tyne to the north and the North Sea to the east. To the west is the regional urban centre of Newcastle / Gateshead, to which South Tyneside is well linked by road and public transport, notably the Metro. The Tyne Tunnel links South Tyneside to the more inclusive borough of North Tyneside, across the river. Further away, to the south is the City of Sunderland.

Economic characteristics of the Territory

South Tyneside, like much of Tyne & Wear has traditionally been an industrial area, specialising in shipbuilding and repair, coal mining and heavy engineering. Employment in these industries was predominantly male and craft-based.

However, these traditional industries have declined over several decades and in some cases completely disappeared. The over-reliance on these industries has had a devastating affect on employment levels in the Borough and made diversification difficult. South Tyneside has not benefited from the same levels of service sector growth enjoyed by neighbouring boroughs, or indeed the UK more generally.

At the outset of the Pact, diversification into new sectors had therefore been limited. Reasons for this include limited land suitable for new industrial development, low private sector interest in service sector and commercial growth and a weak tradition of local entrepreneurship. Indeed, only 6.3 % of the working population was self-employed, compared to the UK average of 11.5%.

Labour Market context

Given the demise of the traditional industries and the limited amount of available land for industrial development, fewer jobs are available locally. Overall, the labour market at the outset of the Pact was slack, both within the borough of South Tyneside and in the North East region more generally. One NorthEast, the regional development agency, reports that North East has a higher proportion of significant sectors which contracted nationally during the 1990s, than those which expanded³¹⁷.

New jobs tend to be located outside the borough, for example in Newcastle city centre, which requires South Tyneside residents to travel some distances to work. Indeed, a significant proportion of the resident population does work outside the

³¹⁷ A North East Regional Skills Strategy and Action Plan, 1 North East

borough. However, access to jobs is restricted by poor public transport links to North Tyneside and a perceived reluctance of unemployed people to travel.

Unemployment rates were therefore high at the outset of the Pact, reaching 12.4% for the South Tyneside Travel to Work Area in January 1998. This compared to a national average of 5.5% and a regional average of 7.8%.

Young people especially suffer from high unemployment, with 24.3% of unemployed people being aged under 25 at the time. Many of these young unemployed people are the second or third generation to have suffered long-term unemployment (since the demise of the traditional industries), creating a cycle of low expectation and low achievement.

High rates of unemployment are indeed correlated with low levels of qualifications and skills in South Tyneside. A local survey found that 42% of residents believed that a lack of qualifications and experience was the primary barrier to gaining employment. Achievement in education remains poor, with a recent OFSTED report being highly critical of the borough's schools.

South Tyneside has a small ethnic minority population, estimated at 1-2%. Ethnic minority unemployment is not therefore the widespread generalised phenomenon that exists in other urban areas of the UK. However, the borough's ethnic minority population is concentrated in the most deprived wards and suffers from high unemployment.

Employment policy and intervention context

Given the characteristics of South Tyneside's labour market problems, an approach was needed which included both supply-side and demand-side measures. In short, South Tyneside was suffering from a low demand for labour generally, but also from structural unemployment, i.e. local unemployed people were unable (or unwilling) to gain employment where jobs were available.

Demand-side measures were needed to increase the availability of new jobs locally, in both the commercial and community sectors of the economy. The partnership chose therefore to focus on: job creation measures in growth sectors; small businesses, new start-ups, community businesses.

Supply-side measures were needed to ensure that local unemployed were able to access jobs where they were available, for example in new industries or outside the borough. The partnership chose to focus on: tackling barriers facing young people; skills, qualifications, experience; guidance and support; widening horizons.

1.5 Governance context and Strategic Fit

The Pact was inserted into a crowded governance context. Two partnership bodies were already undertaking development –South Tyneside Enterprise Partnership (STEP) and South Tyneside Resource for Initiating Development in the Economy (STRIDE).

Historically, the local authority, South Tyneside Metropolitan Borough Council had focussed primarily on demand-side measures to enable the creation of jobs within the borough. Measures to increase the employability of unemployed people and help them back to work were mostly overseen by the local agencies working under the control of central government, e.g. Employment Service, Tyneside Training and Enterprise Council (TEC).

Community enterprise had traditionally been weak in South Tyneside. Given the industrial history of the borough, it did not have a strong tradition of entrepreneurship. Indeed local organisations were reported as reluctant to initiate community enterprise initiatives. However, by the time of the Pact, STRIDE, a new voluntary sector umbrella for community enterprise, had been established.

UK Government funding from the Single Regeneration Budget (SRB) had stimulated a broad partnership as far back as 1994. STEP was an informal partnership with a wider strategy and remit for South Tyneside and a Board comprising senior decision-makers from the local public, private and voluntary sectors. It had also established partnership Task Groups to consider: Land, Property and Inward Investment; Training; Community Business; Transport; and Business Development.

So STEP was already delivering partnership programmes for enterprise, including both supply and demand-side employment measures, with support from SRB.

A New Deal pilot focussing on young people aged 18-24 also started in South Tyneside in 1998. The New Deal, with ambitious targets and millions of pounds of government funding, was to dwarf the Pact, by the sheer size of its operation. Although administered by the Employment Service, New Deal was overseen by a Strategic Advisory Group that included most of the key players in STEP, such as the TEC and the Council. However, New Deal lacked the flexibility to do things differently at the local level, i.e. to undertake research and test new approaches to employment. The emphasis was very much on outputs and not on ‘thinking’.

Both locally and regionally, a plethora of agencies was involved in economic development. Each of these agencies worked to a separate agenda to undertake various regeneration roles. Together with the range of funding sources available (Structural Funds, New Deal, SRB), this range of agencies made for a very crowded governance context in which the Pact was to operate.

The governance context was also changing. A new Regional Development Agency³¹⁸ – appointed and funded by the UK Government – was to replace several existing partners. This new Agency would establish a regional strategy and administer large amounts of funding for economic development.

Other changes during the life of the Pact were the replacement of the TEC by a sub-regional Local & Skills Council and the introduction of a Local Strategic Partnership

³¹⁸ 1 North East

(LSP) for Tyne & Wear. Partner organisations could not then be sure of their own continued existence and STEP itself was likely to find its role taken over by the LSP.

Application process

As elsewhere in the UK, the regional Government Office oversaw the application process. The Government Office invited bids for Pact funding and recommend South Tyneside to the UK Government for approval.

The deadline for submission of bids was extremely tight and allowed very little time for full consultation with partners. As the lead partner and administrator of STEP, the Council took responsibility for preparing and submitting a bid.

Although partners report giving their broad approval to the bid, they did not contribute to the initial submission in any great detail. However, they were already working together towards agreed objectives, within the context of STEP and so were happy to support a bid. In any case, they were not competing against the Council for Pact funding and could expect to receive a share of any successful application.

After the success of the initial application, a Steering Group was formed to take forward the Pact, under the management of the Council. This Steering Group enabled a fuller consultation than had been possible at the outset. The Group included key local organisations from the public, private and voluntary sectors with a role in local employment. At this point, the Pact became a genuine partnership.

Direct outputs and results of the TEP

Pact mission

Although the overall mission of the Pact was not fully understood and shared by all partners at the outset, it did become clearer during the life of the Pact. The aim of the Pact was to research local employment issues, generate ideas for action, test these ideas and take forward successful actions using mainstream funding. Indeed, at the outset there was real excitement that funding was available for ‘thinking’ and innovation in a way that was not possible under mainstream programmes, such as the Structural Funds.

South Tyneside Pact has been successful in achieving its mission, in so far as it has undertaken new research and tested new project ideas. Some ideas have been continued beyond the life of the Pact with mainstream funding. Moreover, local partners generally have a better understanding of what can be done locally to address unemployment.

However, the success of the Pact is extremely limited. Many activities focussed on strengthening an existing partnership or on existing initiatives. Some were unrelated to the overall theme of youth unemployment. But this largely results from the limited resources (and political support) available to all Pacts in comparison to other programmes in operation at the time.

Extent to which Pacts met the 4 broad Programme objectives

Bottom up approach

Viewed from Brussels, the Pact introduced a genuine bottom-up approach. Indeed, all the ‘thinking’ was done at the local level. Partners report that, for the first time, they received funding to develop ideas into pilot projects and generate action from research findings. This was in marked contrast to other programmes, which are designed at the regional, national or European level and allow less local innovation.

Viewed locally however, the Pact remained a local authority-managed initiative, overseen by a partnership operating at the municipal level. The Council administered the Pact, employing the Pact Co-ordinator and acting as the accountable body. It was therefore the key driver in the partnership and exerted most control.

Most ideas were generated at the municipal, rather than grass-roots level. The community sector was mostly involved through representative organisations rather than practitioners. The key target group of young people (and to a lesser extent small businesses) was not involved in the development or management of the Pact. However, viewed historically, the Pact was a step forward, in terms of introducing a bottom-up approach.

Broad-based partnership

As noted in above, a broad-based partnership for delivering enterprise and economic development already existed in South Tyneside. STEP was therefore the most appropriate body to take ownership of the Pact and ensure that the Pact complemented other programmes. At the outset, a Steering Group oversaw the Pact and brought together the key local players with an interest in employment.

Throughout the life of the Pact, the partners continually expressed concern about the limited involvement of the private sector in the Pact and in STEP more generally. However this concern is not unique to South Tyneside. With a few exceptions, businesses will only become involved where they see a clear business case for doing so.

The Pact had contact with the private sector through the wider STEP partnership, (which included *representatives* of local business³¹⁹) and through specific projects. This level of contact was probably the most appropriate for the Pact, although the wider STEP partnership should perhaps have had greater private sector involvement.

An independent evaluation of the Pact³²⁰ reports that the partners became more committed over the life of the Pact to the overall vision of STEP and that communication between partners improved. They felt that STEP increased confidence of the local community, but not of local businesses.

³¹⁹ for example Business Link, Chamber of Commerce

³²⁰ *South Tyneside TEP Evaluation Report*, Meridien pure, January 2001

Specific initiatives undertaken to develop the partnership, during the life of the Pact (and recorded in the Final Report) were:

- Partnership review: a review of the existing regeneration partnership which also identified new actions for the Pact to take forward; the added value to the Pact of this review is questionable – the review was not specifically focussed on employment and would have happened in the absence of the Pact;
- Regeneration strategy review: similarly this was a review of existing activity; but it did perhaps provide a greater employment focus to the partnership;
- Economic Review: the Review was specific neither to South Tyneside nor to the employment of young people; indeed, it focussed on the positioning of the wider Tyneside sub-region in relation to the new Regional Development Agency.

Integrated strategy

Following initial approval of the funding, the following key activities were undertaken:

- Initial research: a desktop exercise collating national & local information to give a picture of unemployment locally;
- Consultation with local partners: to communicate Pact principles, gain views about problems facing young people; and identify best practice.

A strategy emerged from this preparatory phase, which addressed three key areas:

- developing the partnership³²¹;
- job creation; and
- tackling barrier to employment faced by young people.

As such, the Pact included both supply and demand side activities. Research was undertaken into both sides, which generated new pilot projects. However, the extent to which the demand and supply-side activities were integrated is questionable. Many, if not all, projects operated independently, partly as a result of being delivered by individual partners, rather than the partnership itself (STEP remained an unincorporated, i.e. informal body). Some partners described the Pact activities as a ‘list of projects’ or ‘an old-fashioned Urban Programme’.

one difficulty in this respect, was the size and importance of the Pact in relation to other activity and funding available. A clear distinction was not always made between the Pact and the wider programme of activity overseen by STEP. Indeed, to a certain extent, the Pact was subservient to a wider agenda, with the result that Pact often funded ‘pet’ projects or add-ons to existing initiatives, rather than introducing a

³²¹ For details of specific action under the theme of developing the partnership, see Section 2.2.2

genuine integrated strategy of its own. An example of this is the effort to develop an alternative energy sector, which bears little relation to the theme of youth unemployment.

Innovative elements of Pact's activities and working methods

The innovative elements of the Pact's activities and working methods were:

- the 'thinking' about employment, which took place at the local level; partners had never before had a funding source for undertaking research and testing pilot approaches; the Pact Steering Group did genuinely bring partners together to generate ideas and debate local approaches to employment;
- innovative pilot projects; these emerged from research supported by the Pact and from the ideas put forward by partners; for example Intermediate Labour Markets were tested in South Tyneside for the first time; 'Enterprise in Education' – an innovative project to build enterprise skills into the school curriculum – emerged from research funded by the Pact.
- a diversification beyond traditional infrastructure and inward investment activity and into local employment activity, by the Council; this new activity was in part stimulated by the Pact and continues as a mainstream function.

Outputs and results relating to employment and economic development

Employability

South Tyneside Pact included no direct objectives to address employability.

Entrepreneurship

- Gateways into Enterprise: a research project identifying barriers to young people starting (or working within) small businesses and part of the local SRB programme. Undertaken by the University of Durham, the research led directly to the 'Enterprise and Education' project.
- Enterprise in Education: resulting from the Gateways into Enterprise research this project builds enterprise into the school curriculum in South Tyneside.
- Schools Business Competition.
- Community Enterprise Strategy: a research report into Local Exchange Trading Systems (LETS) and Alternative Ways to Finance Business that enabled new ideas to be tested. It is hard to see how this project contributed to the theme of young people and employment.

- Let's Do Business: an event designed to encourage local companies to network. Again, it is hard to see how this project contributed to the theme of young people and employment.

Adaptability

South Tyneside Pact included no specific actions to address adaptability.

Equal opportunities

South Tyneside Pact included no specific actions to address equal opportunities. However, each of the key partners was already operating an Equal Opportunities Policy, which would apply to all projects operated by the Pact.

Removing barriers

- Jobs Fairs. The Pact sponsored two Fairs in 1999 and 2000, which made unemployed residents aware of job opportunities and enabled many of them to gain employment.
- Youth Media Project (Streetsound): enabled young people to gain the necessary skills to set up an internet radio station.
- River of Opportunity: a four-day programme of activities to promote job opportunities along the River Tyne, to young people.
- New Deal Gateway: this was a genuinely new project, but it is hard to see what the Pact input was, since the New Deal was a national initiative taking place regardless of the Pact.
- European Volunteers – genuine new project aimed at the target group and based on Pact research into the possibility of a European Voluntary Service in South Tyneside.
- Ucan2: an event to make long-term unemployed people aware of the opportunities for self-employment. The event led to 40 people receiving business counselling.
- Call Centre Training Initiative: a pilot project which prepared unemployed people for work in the call centre industry. This pilot led to a mainstream training project.
- Job Search Co-ordination Project: the Pact supported this project that provided co-ordinated support and assistance for unemployed people through the voluntary sector.

Job creation

- Intermediate Labour Market – funded by SRB this was a genuine new pilot project. Some 20 people participated and moved into sustainable employment.
- Growth and Development of Small Businesses: a research project exploring opportunities for development of businesses that can benefit young people.
- Wind Energy Feasibility Study: a research project exploring the opportunities for a renewable energy industry. This project seems unrelated to the theme of young people and employment.

Monitoring and evaluation

The Pact commissioned an interim external evaluation in June 1999 and a final evaluation in January 2001. Reports were produced for each evaluation. Overall, the evaluation had a number of weaknesses in terms of method, relying too much on consultation with young people and businesses³²² and assessing changes in partners' opinions over the life of the Pact. The evaluation was limited in its examination of the extent to which new approaches to employment had been tested and mainstreamed.

The key findings of the final evaluation report were that the Pact had added value through:

- small-scale financial support for project support and development plus some delivery;
- a catalytic impact at the start-up of projects;
- development and operational partnership support, e.g. through bringing kudos to projects derived from European Commission support;
- flexibility in financial support and management;
- access to a wide network of agencies and expertise that ultimately benefits the customer;
- consideration of project progress through enhanced management and review.

Additional benefits of the TEP

There are three main benefits of the South Tyneside Pact, in addition to those of specific activities:

- development of new ideas for regeneration and employment creation (i.e. the research function was important as it had been lacking locally);
- deepening of partner relations through the process of sharing and collective development of ideas; and
- a shift in the regeneration agenda toward employability and the social economy (from solely relying on traditional infrastructure and business support activity).

³²² These respondents had not necessarily had direct contact with the Pact and could not be expected to assess its effectiveness.

However, the added value of the Pact was limited, as was that of all the UK Pacts. Specific weaknesses were that:

- there were too many examples of the Pact funding activity that would have happened anyway, e.g. STEP regeneration strategy review;
- it was impossible to separate direct activity of the Pact from more general partnership activity;
- the focus on young people and employment was often lost; many activities reflected the priorities of individual rather than the overall theme, e.g. Wind Energy Feasibility Study;
- the Pact did not fully exploit the opportunity to raise the profile of South Tyneside with the European Commission and build relations with transnational partners.

Ultimately, the Pact was an ‘influencer’ of project development, rather than a direct deliverer’ as noted by the final evaluation. But the evaluation suggests that the STEP strategy needs a review process that is more authoritative and innovative, rather than TEP-type activity which is small-scale, largely aimed at project developers and operators and is distanced from the senior decision-makers in STEP. The relatively junior nature of most staff directly involved in the Pact made it difficult to perform such a role.

Management

South Tyneside Borough Council managed the Pact on behalf of STEP. It employed a Pact Co-ordinator to oversee day-to-day operations and report to the Steering Group. The Steering Group included key public, private and voluntary sector partners and reported to the STEP Board.

This model of management was the most appropriate to the circumstances (indeed was very similar to those of most other UK Pacts). It fitted into the existing partnership and enabled senior level oversight (from the STEP Board) without creating a whole new bureaucracy.

Attitudes of other actors/agencies towards the Pact

The interim evaluation report³²³ notes lack of clarity at the outset over the Pact’s role and divergent views about where the Pact could offer added value. However, ECOTEC consultations with partners and the final evaluation report demonstrate that other actors increasingly felt that the Pact:

- added value to the employment creation work of STEP;
- engaged partners in additional employment creation initiatives;
- drew attention to issues;
- engendered innovation and good practice in local employment creation;
- led to new projects, through research.

Support from Commission rapporteur and role of EI2000 national experts

³²³ June 1999

Like all the UK Pacts, South Tyneside Pact received support from the EI2000 national experts, initially from EI2000 and later from Kingston University. The Pact had no direct contact with the head office of EI2000.

Pact partners report that the national experts were a useful ‘sounding-board’ for ideas and offered useful support at the strategic level. This helped ensure that South Tyneside fitted in better to the overall Pact programme, both in terms of projects and partnership. Local partners also valued the presentations given by the national experts from EI2000 and Kingston University at the two local dissemination events.

However, Pact staff would have welcomed a higher and more consistent level of support, particularly in the first two years. In particular, EI2000 was not able to offer sufficient support with the bureaucracy attached to the ERDF funding, though Kingston University was able to be more supportive in the later period. Also, Pact staff felt that EI2000 did not receive sufficient resources to prepare fully for the UK network meetings – although these were still very valuable.

Pact resources

Local partners added 54,000 EURO to the technical assistance budget. Partners also offered a significant amount of staff time for management and administration, for example attending Steering Group meetings.

However, like all UK Pacts, South Tyneside Pact did not have sufficient resources to deliver the ambitious objectives expected by the European Commission. Aside from the technical assistance, the Pact’s resources consisted almost entirely of mainstream programmes. Many projects featuring in the Pact work-plan were not reliant on Pact funding and probably would have taken place in the absence of the Pact. Where new projects emerged, they were funded by mainstream programmes³²⁴ ‘bent’ to serve the Pact.

Overall, a reasonable proportion of the technical assistance funding was put into research reports and pilot projects and overall administration costs seem reasonable. But partners report that the Pact approach is overly bureaucratic for such small sums of mly.

Dissemination and networking activities

Dissemination and networking was an important part of the South Tyneside Pact. Indeed, the Pact undertook considerably more of such activities, than would be typical of an EU-funded project of this size. Key activities included:

- dissemination of information through local networks, e.g. STRIDE;

³²⁴ for example ESF Objective 3

- two local dissemination events,³²⁵ attended by 100 regional delegates and featuring presentations from Pact management, project managers, the external evaluator and the TAO;
- a website;
- a newsletter;
- networking with the other UK Pacts, primarily through the UK network, but also two exchange of experience events with Barnsley Pact;
- full participation in the transnational exchange marts.

Mainstreaming

Into Structural Fund programmes 2000-2006

The Government Office for the North East consulted South Tyneside Pact during the preparation of the Objective 2 Regional Development Plan (RDP). Some of the themes developed by the Pact feature in the RDP, particularly that of Enterprise and Education. However, the Pact itself does not feature as a discrete element in the new RDP. Some projects have been taken forward with support from the new Structural Funds programme, but no longer under the Pact ‘banner’.

Other forms of sustainability of TEP interventions

Throughout its life, the Pact remained largely under the control of the local authority and never became a genuine (i.e. wholly owned and controlled) partnership action. It has not continued beyond the period of EU technical assistance funding. The real sustainability of the Pact is to be found, then, in the extent to which processes and activity have continued beyond the life of the Pact.

Partners report that STEP continues to have a greater employment focus as a result of the Pact. Further, the local authority now has staff dedicated to addressing employment, which it did not have previously. Operating within the Economic Development Unit, these staff are able to ensure that new inward investment addresses employment objectives.

Although the South Tyneside Pact no longer exists as a distinct initiative, STEP remains in operation. However, the creation of a Local Strategic Partnership (LSP) for Tyne & Wear has put in doubt the continuation of a local partnership for employment in South Tyneside. LSPs are recognised by central government as well as the Regional Development Agency and the Government Office for the North East. They are likely to be the key recipients of political support and funding, probably at the expense of more local partnerships. The danger is therefore that the partnership benefits of the Pact will not be sustained in the long term.

³²⁵ 10.12.1999 and 28.6.2000