Joint public-private local partnerships for employment to cope with the recession

Introduction
Development of local public-private partnerships
Local public-private partnerships in the context of the recession
Commentary
Bibliography
Local employment initiatives involving the cooperation of various public and private stakeholders are the focus of this study. The report examines how such local partnerships have been and are being used across the EU and Norway to prevent or counteract the effects of the economic crisis on labour markets. Examples vary of local public-private partnerships delivering employment initiatives. Some examples of local partnerships put in place in response to the crisis can be found, typically in countries where there is a long-standing tradition of such initiatives. The findings indicate that local employment initiatives have played a limited role in dealing with the adverse employment effects of the crisis across reviewed countries, as a number of ad-hoc measures and programmes have generally been designed and introduced by national authorities.

Introduction

Local Employment Development (LED), as described by Mandl in 2009 in The interaction between local employment development and corporate social responsibility, is understood as ‘(a set of) actions aiming at improving the local economy and the local labour market’. LED typically engages a range of public and private actors in the development of initiatives designed and delivered locally through multi-stakeholder partnerships.

In the context of this report, a broad definition of ‘local’ is used. Clearly, local means different things in different contexts. In some cases it describes the regional level and in others it can correspond to the municipal level, as in the Nomenclature of Territorial Units for Statistics – NUTS 2 and NUTS 4 or, in some cases, NUTS 5. It does not necessarily correspond to administrative units. However, throughout the report the local context will be explained. This approach simply reflects the variety of practices across Europe as well as within countries and regions.

Partners involved in LED can include, for example, public authorities at various levels (regional, provincial or municipal), agencies such as public employment services (PES) and local development agencies, local employers, chambers of commerce, social partners, non-profit organisations (NPOs) and non-governmental organisations (NGOs).

LED is used to empower and engage players at the regional and local levels to conceive and deliver locally a range of economic and social initiatives, supported by consistent and joint funding, in a ‘bottom-up approach’. However, LED also encompasses strategies, programmes and initiatives developed centrally even though they are implemented locally via local partnerships, and this can be described as a ‘top-down’ approach.

Since the early 1990s, LED has been recognised as an important mechanism to improve employment prospects in the European Union (EU), in line with the principle of subsidiarity. At the European level, the introduction of Territorial Employment Pacts (TEPs) in 1997, the Luxembourg process which initiated the European Employment Strategy and since 2000 the Lisbon Strategy for Growth and Jobs have all increasingly emphasised the value of the local dimension in fostering labour market integration and improving the quality of jobs and working conditions. Partnership approaches will also be one of the means by which the recently adopted Europe 2020 strategy will be implemented, so that the benefits of economic growth reach all citizens in all regions.

In Part II of ‘Europe 2020: Integrated guidelines for the economic and employment policies of the Member States (612Kb PDF)’, the integrated guidelines state:

> While these guidelines are addressed to Member States, the Europe 2020 strategy should be implemented in partnership with all national, regional and local authorities, closely associating parliaments as well as social

This report is available in electronic format only.
partners, and representatives of civil society, who shall contribute to the elaboration of national reform programmes, to their implementation and to the overall communication on the strategy.

At the operational level, the European Structural Funds have had a significant effect on prompting the development of local public-private partnerships (LPPPs) for employment across the EU. Multi-stakeholder partnerships at regional and/or local level have been widely adopted as a mechanism through which EU funding has been delivered. Indeed, actively involving local stakeholders means that tailored strategies can be put in place, hence ensuring the relevance and, ideally, the impact of Structural Fund interventions.

The EU has also played a key role in promoting LPPPs through European programmes such as EQUAL, Leader and through the IDELE project (Identification, dissemination and exchange of good practice in the field of local employment development and promoting better governance), which ran between 2003 and 2006.

This report focuses on local employment initiatives involving the cooperation of various public and private stakeholders and examines how such local partnerships have been and are being used across Europe to prevent or counteract the effects of the economic crisis on labour markets. It covers the EU Member States (except Finland and Latvia) and Norway. Information was collected in mid-2010.

Although unemployment in the EU as a whole rose significantly from 2008, the impact of the crisis was not the same in every country. While in some countries the financial sector was immediately hit and this was followed by job losses in other sectors, other countries have been more resilient. In the Netherlands, unemployment rates remained low throughout the period at less than 5% while Ireland, Spain and the Baltic countries have experienced considerable growth in their unemployment rates.

The crisis has fundamentally changed the economic landscape in which employment policies operate, as many opportunities to join or re-enter the labour market have been curtailed and finance limited. Today, the first signs of economic recovery have been observed but many countries are still facing recession and are far from their 2007 employment levels. Most job losses have affected those already disadvantaged in the labour market. One adjustment in response to the crisis has been the non-renewal of temporary contracts, which impacted in particular on young workers. Men and low-skilled workers were also hit hard as job losses were concentrated in traditionally male-dominated and less knowledge-intensive sectors such as manufacturing.

**Development of local public-private partnerships**

Evidence collected from the national reports for this study reveals a patchwork of initiatives and a marked heterogeneity across European countries in terms of LPPPs, ranging from a few isolated developments in the 12 new Member States that joined the EU in 2004 and 2007 (EU12) and/or centralised states to common practice in northern and western European Member States.

The local dimension of employment policies is present in all countries but the use of partnerships as a mechanism for local employment development tends to be closely or exclusively related to the use of European Structural Funds. LPPPs focus on a wide range of issues linked to the European Social Fund (ESF). This includes training and skills development, the promotion of entrepreneurship and self-employment, the integration of the most vulnerable groups in the labour market and promotion of equal opportunities, notably through social economy projects.

A lack of uniformity regarding the number, size and scope of initiatives is inherent in the nature of LED. Because partnerships are entirely dependent on their local contexts, they may vary in each region, subregion or municipality. This section provides a short overview of national
developments, summarising the main characteristics generally associated with LPPPs in each country and the governance model of LED.

This report does not aim to provide a comprehensive description of all LED initiatives but highlights a number of trends and examples. Further information can be found in national contributions to this report.

**National developments**

In many Member States, LPPPs are still rare and are an innovative practice; few examples of project-based, ad-hoc specific partnerships can be found. However, such initiatives may be very small-scale and difficult to identify due to lack of visibility, particularly if they are initiated by companies or NGOs rather than public initiative.

In small countries such as Cyprus, LED is relatively underdeveloped due to the minor relevance of the local level in comparison to the national level and the centralised nature of the state. Similarly, in Malta employment initiatives and partnerships would normally be initiated by the national government. In contrast, in Luxembourg, another small country where labour market policy in general has long been the domain of national government agencies, the few and relatively recent examples of LPPPs have strong bottom-up characteristics. Although mainly funded by the Ministry of Labour and Employment, they were initially conceived and designed by non-government actors and remain largely independent.

In a relatively large group of countries, including in particular the EU12, the design and implementation of employment policy traditionally follows a centralised model and the local level is involved in the implementation and delivery of it, with various degrees of flexibility. LED in these countries is therefore characterised by a top-down model, with some bottom-up tendencies facilitated by the availability of EU funding (especially from the ESF) for local initiatives. A similar situation is evident in countries where top-down initiatives are driven by regional bodies, as in Spain. Project-based financing also means that many initiatives are not sustainable in the mid- or long-term.

In many countries, LPPPs tend not to be embedded institutionally or to have been given a legal status only recently. For instance, in Poland, although the first example of similar initiatives dates back to 1998–2000, LPPPs were only introduced to the legal system in 2004. A similar situation exists in Romania (see Case study 1) and in Greece, where the legal basis for LPPPs was introduced in 2004 and 2005 respectively.

In contrast, a limited number of countries have established a number of permanent and institutionalised LPPPs. More systematic developments regarding the set-up of established local partnerships can be found in countries such as Austria, Germany and Sweden, where the approach towards LED can be described as top-down (designed centrally and managed by regional/local authorities) incorporating some bottom-up developments. ESF projects delivered by LPPPs are typically examples of bottom-up practice, as different actors deliver the initiatives. There are also examples of LPPPs where private actors are seeking financial support from a variety of public funds. In Denmark, joint public-private partnership approaches have been used actively as a delivery mechanism for LED activities. LED has also grown in France as policy-making has been slowly decentralised.

In Ireland and the UK, partnership arrangements have been an important approach to local employment policy and are based on a long-standing tradition. These countries are characterised by a strong bottom-up orientation of LED initiatives, even if elements of a top-down approach are also incorporated in their models. In the UK, this is attributable to the widespread political view that local actors are best placed to determine economic and labour market policies at their level and to the tradition of decentralisation of budgets in the public sector that started in the 1980s.
Regarding the scope of LPPP activities, historically across Europe they have typically focused their efforts on the most disadvantaged groups in the labour market, such as young people or long-term unemployed people. In facilitating their access to the labour market, LPPPs have worked to support two distinct types of activities:

- activities to support labour market access or reinsertion including the design and delivery of training, including lifelong learning, and activities to support the job transition process;
- activities to foster business development, growth and innovation.

### Case study 1: Regional pacts for employment and social inclusion, Romania

In Romania, LPPPs are on the agenda of the national government and local authorities in line with a growing interest in decentralisation.

Since 1998, eight regions (non-administrative subdivisions) have been recognised in Romania. A 2004 Government Decision on the National Development Plan (PND) provided the legal basis for public and private entities to decide jointly the priorities for economic and social cohesion in their regions. The Ministry of Labour, Family and Social Protection introduced a ‘Charter of Regional Pacts for Employment and Social Inclusion’ in October 2006.

Eight regional pacts were introduced for the periods 2006–2008 and 2009–2013. These pacts include representatives from the regional development agencies, prefectures, county councils, local offices of the central public institutions (including the PES, the National Agency for Employment (ANOFM) and its local branches), research institutes, educational establishments, social partners and the business community and civil society.

The pacts provide a means for fostering the development of long-standing regional and local partnerships enabling them to deliver employment initiatives. They also facilitate access to European funds by offering advisory services and technical assistance such as training. Regional plans are coordinated by a centralised secretariat, which determines the portfolio of projects to be developed in partnership.

The types of activities supported through partnerships focus on the joint provision of labour market integration services (job exchanges and job fairs, career guidance, employment counselling and placement services), the identification of local vocational training needs and the tailored provision of vocational training services and practical on-the-job schemes, the promotion of entrepreneurship (support to business incubators, industrial parks and related consultancy services) or on addressing corporate or sectoral restructuring affecting the local economy (for example, in mono-industrial/mining regions).

As well as delivering the types of local employment activities identified above, in 2009 ESF monies have helped operationalise the new regional pacts and provide resources to develop permanent technical secretariats.

*Source: National contribution to this report, Romania*

### Structure of LPPPs

Across all countries, the types of stakeholders most commonly involved in LPPPs include municipalities, provincial or regional authorities, the PES, private companies, social partners and NGOs/NPOs.

Most local employment partnerships result from public initiatives: public stakeholders at various levels are generally seen as the main catalysts for action and as promoters of local partnerships. A common challenge in establishing LPPPs across the EU is the involvement of private sector representatives – especially small and medium-sized enterprises (SMEs) – in the design and
implementation of measures; private sector actors are often only involved in LPPPs via steering and/or consultative committees. Some examples are outlined below.

- A 2008 survey by the Czech National Training Fund (NVF) of public and private entities and NGOs, which explored local stakeholders’ awareness of the need for increased cooperation to address regional labour market issues, concluded that partnership activities are often hindered by companies’ lack of interest.

- In Spain, local development agencies have been set up by municipal councils to deliver local economic promotion and placement services. They remain in public ownership as private partners are seldom involved in the delivery of activities, although cooperation with businesses is actively sought.

- In Portugal, local employment partnerships are still mostly based on third sector and public organisations. Private sector participation and companies’ involvement in particular, despite being increasingly recognised as crucial, remains limited.

However, the limited evidence available on bottom-up approaches initiated by private actors (either companies or NPOs) is a serious limitation for the analysis of LPPPs. Because they are not institutionalised and/or take place on a small scale, local partnerships initiated by these stakeholders are often not well recognised as local employment partnerships, particularly by the involved stakeholders themselves, nor are they well supported. In Slovenia, private actors have been able to initiate partnerships under the ESF Operational Programme for Human Resources since the start of the 2007–2013 programming period.

Private sector involvement in LPPPs takes the form of contributions from local sectoral organisations, chambers of commerce or consortia involving companies in the design and coordination of local employment initiatives. For example, in Italy, industrial districts (clusters of SMEs specialising in one or more type of production and located in a specific geographic area) have been increasingly recognised by the regional and national administrations since the 1990s. A 2010 report from the National Observatory of Italian Districts has highlighted the creation of partnerships between private and public actors. These partnerships provide services and support to the firms within a district by improving the relations between companies, universities, research institutes and local public bodies, promoting start-up companies and research spin-offs or addressing restructuring and relocation processes. Such clusters also play an important role in LED in, for example, Austria and Denmark.

Similarly, there is limited evidence available about the involvement of NPOs in LED partnerships, although the contribution of umbrella/platform organisations to LED is often easier to acknowledge. Case study 2 highlights the role of NPOs in developing multi-stakeholder partnerships in Portugal.
Case study 2: Local development projects driven by non-profit organisations in Portugal

In Portugal, although employment development has traditionally been the responsibility of the national government and PES, some associations have also played a significant role in local development, promoting projects and looking for partners. Two examples are detailed below.

Minha Terra is the Portuguese Federation of Local Development Associations created in 2000. The associations represented by Minha Terra have promoted many projects, based on the establishment of local partnerships and carried out under a range of programmes including the LEADER Community Initiative and the National Rural Development Programme – PRODER. These local partnerships have undertaken projects to promote equal opportunities, fight social exclusion and unemployment, and deliver training and employment initiatives for the creation of small and micro-enterprises.

Animar, the Portuguese Association for Local Development, was created in 1983 and represents local and rural development associations, third sector actors, research centres and university teachers and regularly cooperates with various private and public bodies. It supports and promotes the local development movement as well as the values and practices of the third sector. It actively promotes inclusion of people at risk of social exclusion through awareness-raising and training, economic and cultural activities, and supports entrepreneurship and employment. One example of partnership is the Cooperation Agreement between Animar and the Institute of Employment and Vocational Training (IEFP) signed for the first time for the three-year period 2002–2004 and regularly renewed subsequently.

Source: National contribution to this report, Portugal

Among non-governmental actors, social partners also play a decisive role in the framing or implementation of LED programmes in a number of countries, as illustrated by the following examples.

- In France, many initiatives take place within the context of tripartite regional-level collective agreements. Joint social partner organisations, for example, in the area of continuous vocational training, are often responsible for the design and implementation of measures.
- In Luxembourg, trade unions have initiated the creation of non-profit organisations that rely on LPPPs for the delivery of their activities such as Objectif Plein Emploi a.s.b.l. (OPE), Forum pour l’emploi a.s.b.l. or ProActif a.s.b.l. (see also Table 5).

Among the public actors involved in partnerships, local branches of the PES play a crucial role in the delivery of measures delivered by partnerships. Through their ‘vertical’ organisation, PES and their regional and subregional branches contribute to the articulation of national policies and programmes with local needs and the promotion of local initiatives. Examples of the role of PES are outlined below.

- In Hungary, the PES (now the National Employment Service (NFSZ)), established regional employment councils supported by EU funds, which bring together social partner representatives and delegates from counties and large municipalities to provide opinions on national employment measures.
- In Spain, integrated employment services are responsible for coordinating the participation of public and private organisations to answer local labour market needs. They are set up through an agreement between the national or regional PES, local entities and NPOs.
- In the UK, Jobcentre Plus local offices work in partnership with local authorities, education and training providers and employers to help unemployed people return to the labour market.
• In the Czech Republic, LED initiatives are primarily based around the activities of the regional PES offices.

• In Slovakia, local branches of the PES (ÚPSVAR) can implement their own regional employment action plans based on the national framework designed by the Ministry of Labour, Social Affairs and Family (MPSVR SR) and can cooperate with municipalities.

LPPPs take place at a variety of levels and in most of the countries partnerships coexist at municipal, county, provincial or regional levels. For example, in Ireland, some partnerships operate at the county and municipal levels and others cover some parts of counties or municipalities. In Dublin, there are a number of partnerships operating over a relatively small geographical area alongside the city-wide partnership, the Dublin Employment Pact (see Case study 3).
Case study 3: Local Development Companies in Ireland

LPDPs have received support from the Irish government for nearly 20 years. The first area-based partnerships were piloted in Ireland in 1991. Today, the Local and Community Development Programme (LCDP), which replaced the earlier Local Development and Social Inclusion Programme and the Community Development Programme, finances Urban Area-based Partnerships, Integrated Local Development Companies and Community Development Projects with nearly total coverage of the country. Between 2005 and 2009, a government-led restructuring process resulted in the merger of partnership companies and LEADER companies in rural areas.

Local Development Companies (LDCs) tackle the multi-dimensional nature of social exclusion through a responsive, innovative and integrated approach that is ‘owned’ locally. LDCs are autonomous, independent bodies that focus on local activity. Each of them has a board, including members from the business community, trade unions, the community and voluntary sector and state agencies working at the local level.

The LCDP features in the National Development Plan. It is managed by Pobal (formerly Area Development Management Ltd) on behalf of the Department of Community, Rural and Gaeltacht Affairs. Pobal supports local partnerships by providing advice, guidance and research and assists them in their attempts to influence the development of national policy. It also has a role in the allocation of European Structural Funds.

In addition to funding from the LCDP, LDCs can also receive additional funds from a range of sources, such as national government, charitable foundations and businesses, or accept contracts from state agencies via a purchaser-provider framework.

Local partnerships in Ireland have focused on the following types of activities:

- **Services for unemployed people**: guidance, advocacy, tailored training programmes, support for new enterprises, Local Employment Service Network. In 2008, 27,800 adults were supported within this objective, including 12,500 people who were supported into education and training.

- **Community development**: development and pre-development work with target groups to build their capacity and organisational structures, and promote community participation in local development. Some 2,300 community-based activities were supported in 2008.

- **Community-based youth initiatives**: education access programmes, support for retention in school, study supports, capacity building support for parents, developmental youth work. Some 61,100 young people and adults received support in 2008.

As well as the outputs identified above, other benefits of partnerships include increased coordination at local level, mainstreaming of innovative actions, and strengthened community participation in decision-making.

*Source: National contribution to this report, Ireland*

In other countries, LED initiatives are typically evident at the regional level.

- In Austria, TEPs operating at the regional level identify needs and decide how they should cooperate with their partners (PES, provincial governments, NGOs/NPOs, the social partners and enterprises) while the Federal Ministry of Labour, Social Affairs and Consumer Protection (BMASK) provides funds, technical assistance and operational guidelines (see Case study 4).

- In Italy, TEPS at the regional level have also been used to activate LED and develop agreements between the public and private actors, especially in the 1990s and early 2000s.
Main partners are the provincial administration, municipalities, business associations (including artisan sector associations) and trade unions.

- In the UK, Regional Development Agencies (RDAs) were established in England in 1998 to provide funding and information to local actors in order to boost employment levels. However, the new UK coalition government announced in June 2010 that it will abolish RDAs and replace them with ‘local employment partnerships’.

- In Spain, the competences of active policies have been transferred to the autonomous regions since 2003 but TEPs cofinanced by the EU have been established in the regions since 1997. Their main task is to facilitate labour relations at regional level.

- In Belgium, the three regions, Flanders, Wallonia and Brussels capital, and in some cases the federal authorities or communities, have set the policy framework for LED activities and provided cofunding, typically supported by the European Structural Funds. Local stakeholders at the provincial, inter-municipal or municipal level can also contribute to financing.

- In Romania, regional employment pacts have been established to foster the development of long-standing regional and local employment partnerships (see Case study 1).

- In Norway, the county municipalities have a leading role in regional partnerships. They receive funding from the national government and distribute it between different programmes and initiatives from various public and private actors based on regional challenges, goals and strategies.
Case study 4: Territorial Employment Pacts in Austria

In Austria, TEPs are the predominant form of LED partnerships. Since 1997, TEPs have been used to support the implementation of the National Employment Strategy. TEPs have also been set up at subregional and local levels, as well as at the cross-border level (for example, Styria/Slovenia, Burgenland/Hungary), where information on policy measures is exchanged (for instance, on how to increase employment levels).

TEPs are currently funded by the ESF Operational Programme ‘Employment’ for Austria 2007–2013, and the Federal Ministry of Labour, Social Affairs and Consumer Protection, which covers operational expenditure, in particular the TEPs coordination units. TEPs also receive funds under ESF Priority 3 (improving access to lifelong learning) aimed at improving the integration of those furthest away from the labour market.

The types of activities delivered through LED partnerships vary between the regional and subregional TEPs. Groups targeted include young people, women, older workers, migrants, long-term unemployed people and those furthest away from the labour market. The measures implemented cover a wide range of activities including training and retraining, qualification promotion, apprenticeship training, counselling and guidance, job orientation, solutions to ease the transition from school to the labour market, and the strategic transnational transfer of policy know-how in border regions.

Evaluations have shown that TEPs have been implemented successfully and key success factors are their stable and effective structures. The introduction of a national Coordination Office for Austrian Employment Pacts (KOOO) in 1999 to ensure the networking of the TEPs and the transfer and exchange of know-how at national and international level has proven to be an effective form of assistance.

Source: National contribution to this report, Austria

Local public-private partnerships in the context of the recession

This section provides a short overview of developments in the area of LPPPs in the context of the recession. Even if evaluative evidence available to date is limited on how LPPPs contributed to alleviating the effects of the crisis, illustrations of how such mechanisms have been used to tackle rising unemployment levels can be presented. Examples are highlighted as promising new developments rather than evaluated best practice. More details can be found in the national contributions to this comparative analytical report.
Policy context and overview of reviewed initiatives

Role of LPPPs in the crisis and employment measures to tackle its effects

According to the evidence available from the country contributions, LPPPs have played a limited role in dealing with the adverse employment effects of the crisis across the EU, with a few exceptions. In France, for example, pre-existing partnerships intensified their activities while in other countries the importance of local partnerships in coping with the effects of the crisis on the labour market increased. Some examples are outlined below.

- In Denmark, cooperation appears to have gained increased importance during the crisis. The emphasis on using private-public partnerships as a mechanism to deliver LED activities during the crisis appears in strategic documents published by a range of different stakeholders. Also, the crisis has resulted in an increased focus on LED initiatives in rural and remote areas, as these areas were particularly affected. Funds have been earmarked by the central government to support developments in these areas.

- In Hungary, the interest of local governments and enterprises in LED has grown during the recession, while the interest of other partners such as chambers of commerce and trade unions remained low.

- In Luxembourg, the importance of LED measures appears to have grown as part of wider social initiatives for employment and for a ‘solidarity-based’ economy. Interest in new approaches to reduce unemployment appears higher than in times of economic growth.

- In Romania, a new bill is under debate in parliament designed to encourage public-private partnerships.

- In the UK, the importance of local-level actors and ‘bottom-up’ employment policy solutions has increased. The use of a multi-stakeholder response at the local level has brought together the social partners, public authorities, and civic society to develop shared responses to the crisis.

In several countries, the pre-existing initiatives have continued unchanged throughout the crisis. In Austria, Belgium, Germany, Luxembourg, Norway and Poland, there is little evidence that the crisis has had an impact on the focus of measures and actions undertaken by public-private partnerships. In Austria, Luxembourg and Norway, labour market performance has remained relatively strong since 2008, which might explain why LPPPs have remained stable over the period, or this could result from the lack of projects specifically introduced to respond to the effects of the economic crisis.

One explanation for the generally limited application of local multi-stakeholder partnerships during or after the recession is, as discussed in the previous section, the limited experience of many countries of LED partnerships.

Another important factor explaining the modest role of LPPPs as anti-recession tools is their typical focus on structural problems affecting the local labour market and the integration of those further away from employment. In buoyant labour markets, these are successful strategies. In this respect, the conclusions of the IDELE project from 2006 remain largely valid:

*There has been a tendency for national policymakers to see LED as a tool to help alleviate the hardships of ‘poor people in poor places’, rather than as a policy tool with wider utility. This has resulted in LED often being overly focused on labour market insertion or social exclusion.*

Furthermore, as immediate and quick action was needed in the crisis, it is estimated that multi-stakeholder approaches were less frequently used as they would most probably have required more time for consultation and negotiation. To preserve employment, many Member States...
urgently introduced or developed a range of national public measures (‘anti-crisis measures’) as an ad-hoc response to deteriorating local labour markets, not necessarily relying on partnership arrangements.

Strategies adopted by public authorities to tackle the effects of the crisis typically combined general economic support measures with more specific employment measures, as shown in Table 1. The paper Crisis management for European labour markets (475Kb PDF), prepared for the Thematic Review Seminar on ‘Labour market policies in response to the impact of the economic crisis’ organised by the European Commission in 2009, gives an overview of the measures put in place.

Most Member States temporarily supported important sectors particularly affected by the crisis such as the automobile industry. A number of countries, including for example Belgium, Germany and Italy, made extensive use of short-time working arrangements (also called partial unemployment, partial activity or temporary layoffs). In other countries, the national government took responsibility for employment retention and tried to compensate for the negative social effects of the crisis with a strong focus on public investment, including support to specific sectors, and redistribution measures. Other Member States have focused on improving the functioning of the labour market through recruitment premiums, improved labour market services and measures to accompany restructuring. Examples of the latter include the Scandinavian countries and the UK.
### Table 1: Overview of public crisis measures used across the EU

<table>
<thead>
<tr>
<th>Areas</th>
<th>Examples of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic support</td>
<td>Increased infrastructure expenditure and public works&lt;br&gt;Tax cuts, including value-added tax (VAT)&lt;br&gt;Reduction or postponement of social security contributions&lt;br&gt;State guarantees or credit for vulnerable companies&lt;br&gt;Subsidies to private households&lt;br&gt;</td>
</tr>
<tr>
<td></td>
<td>Sector-specific measures, for example, in the construction, automobile (including car scrappage schemes) and steel sectors</td>
</tr>
<tr>
<td>Maintaining jobs and using contractual flexibility</td>
<td>Financial support to companies, incentives to minimise job cuts (wage subsidies, refunds of social contributions)&lt;br&gt;Short-term working arrangements</td>
</tr>
<tr>
<td>Upgrading skills and training</td>
<td>Improved access to training (financial support combined with short-term working arrangements, extra training leave, etc.)&lt;br&gt;Training for redundant workers and unemployed people&lt;br&gt;Expansion of adult education provision&lt;br&gt;</td>
</tr>
<tr>
<td></td>
<td>Creation of apprenticeship places</td>
</tr>
<tr>
<td>Facilitating the transition to new jobs</td>
<td>Intensifying and widening the offer of job placement services and active labour market policies (ALMP) from the PES (extra funding for personalised reemployment and transition programmes, increased cooperation with private temporary work agencies, etc.)</td>
</tr>
<tr>
<td>Income security</td>
<td>(Partial) unemployment benefits</td>
</tr>
<tr>
<td>Direct and indirect job creation</td>
<td>Public works&lt;br&gt;Hiring subsidies</td>
</tr>
</tbody>
</table>

Sources: Authors own, based in particular on papers and presentations for the Thematic Review Seminar of the Mutual Learning programme of the European Employment Strategy [Labour market policies in response to the impact of the economic crisis](http://tinyurl.com/phone-number), 2009; European Employment Observatory, [Background paper on measures to deal with the economic crisis](http://tinyurl.com/phone-number) (188Kb PDF), 2009; Eurofound, [Tackling the recession: Employment-related public initiatives in the EU Member States and Norway](http://tinyurl.com/phone-number), 2009 (TN0907020S); Eurofound, [ERM Report 2009: Restructuring in recession](http://tinyurl.com/phone-number).

Crisis measures have been introduced rapidly by national governments and therefore tend to follow a strong top-down approach. However, many of these measures designed centrally have a strong local dimension, given for example that sectors most affected and that benefit from governmental support are often concentrated in one or several regions. For example, in Spain, the new national funds for the upgrading of public infrastructure, introduced in response to the crisis, might have stimulated LED.

In Italy, the management of public crisis measures includes the development of tripartite cooperation between the central state, regional administrations and social partners to define the framework for the interventions and connect income support policies to active policy measures.
Impact of the crisis on funding for LPPP activities

During the crisis, in some countries attention has been directed towards the problems linked to obtaining private investment for LPPPs. This may have led to public authorities taking greater responsibility in funding LED. Increased public budgets (some of which were temporary) were used to deal with the consequences of the crisis on employment, which in turn impacted on LED funding.

- In Sweden, PES funding for ALMPs increased during the crisis, resulting in an increase in local funding.
- In Denmark, new national and regional funds have been made available to ensure that LED activities can be financed (for example, Renewal Fund). Regions have also increased their focus on offering guidance and counselling to private actors engaging in LED initiatives.
- In Luxembourg, it has become easier to receive funding for LED projects from the Ministry of Labour and Employment.

In contrast, in some countries, public budget cuts have curtailed the availability of funding for LED.

- In Ireland, for example, a sharp rise in unemployment since 2008 occurred at the same time as funding restrictions for LPPPs. While local partnerships were struggling to deal with the scale of unemployment in disadvantaged communities, funding for local partnerships was reduced by 10% in 2009, with further cuts anticipated in 2010. Restricted funding appears to be limiting opportunities for NGOs/NPOs to get involved in LED activities.
- In Portugal, the delay in the preparation of the 2007–2013 National Strategic Reference Framework (Quadro de Referência Estratégica Nacional) measures also resulted in a delay in the implementation and financing of the operations relating to employment. The availability of funding for LPPPs declined as applications to the Local Employment Initiatives programme (Iniciativas Locais de Emprego) have been suspended since December 2009. According to one federation of NGOs, fewer projects are approved due to current budget limitations, generating concerns for these organisations in terms of long-term sustainability.

Particularly for the EU12, it is mentioned that the decreased public budget during the crisis resulted in an increase of the importance of EU funds for LPPPs. The fact that most LPPPs are funded from ESF Operational Programmes limit the negative impact of budget cuts for funding availability for LED.

- In Bulgaria, because of cuts in employment policy funding and budgets, the opportunity for local partnerships to attract resources from the ESF has become very important.
- In Hungary, a new EU-funded measure introduced in the second half of 2009 initiated new employment pacts (doubling their number).
- In Lithuania, as a result of large-scale cuts in national public finances and drastic shrinkage in funding potential of private companies, international/EU funds and programmes are increasingly the only available source of funding for local partnerships.
- In Romania, the first signs of the crisis on labour markets occurred almost simultaneously with the opportunity to access European funding under the ESF.

Developments in the governance of LPPPs prompted by the recession

Funding excepted, the respective role of different partners involved in LPPPs has remained largely unchanged in the context of the recession. General changes in the responsibilities of the different stakeholders in the design and delivery of joint LED projects were not noted during the economic crisis, though at the national level some developments are evident.
Strengthening the advocacy role of the social partners: in France, for example, social partners ‘champion’ new initiatives while in Sweden, social partners have often acted to ‘open doors’ by facilitating contacts with local companies.

Changes in third sector involvement: in Slovakia, for example, a lack of funding means that social partner involvement in LPPPs has been limited. In contrast, in Estonia NGO involvement has grown through outsourcing.

An increased role for education institutions in LED: given an emphasis on competences and qualifications in sectors affected by the crisis, in Denmark education institutions have been afforded a greater role in LED projects to ensure growth.

Changes in the role of private companies in LED: the picture is mixed across Europe for the role private companies play in LED. While, for example, in Slovakia or Lithuania firms are less involved in LPPPs, the UK’s nationwide ‘Flexible New Deal’ has seen an extension in the role of the private sector in LED activities. This programme is delivered through LPPPs (see Case study 5) and builds on previous LPPP involvement in the delivery of ALMPs.

Case study 5: The Flexible New Deal in the UK

The Flexible New Deal is an ALMP programme conceived centrally to boost labour market participation rates at the local level which relies on LPPPs for its delivery. It was introduced in most of the UK from October 2009. Before the change of government it was expected to be available in other areas from October 2010.

The Flexible New Deal is an ALMP programme that combines top-down and bottom-up elements and involves the UK government, local Jobcentre Plus offices (PES) and private sector providers of labour market integration programmes to unemployed people. It merged a range of earlier ALMPs for those unemployed over the age of 25 years into a single programme. In terms of programme content, the Flexible New Deal differs from the previous programmes in that it places an obligation on long-term unemployed people to complete four weeks’ work experience and commit to an agreed job-search programme with local providers.

The programme is funded by the UK public authorities who, after the initial publication of a series of tenders, signed a series of contracts with training providers and placement companies to deliver the programmes locally. LPPPs are used in the UK by public authorities to bring in private sector expertise and to make programme delivery cost-efficient. They have stated that providers’ performance will be benchmarked against the extent to which individuals participating in the Flexible New Deal programme had successfully integrated themselves into the labour market on both a short-term and a long-term basis. Outputs from the Flexible New Deal programme will be compared with those associated with the previous New Deal programmes. As a secondary indicator, the UK public authorities will benchmark the success of such measures on the basis of rates of long-term unemployment in the UK and levels of expenditure on ALMPs.

Initial research, carried out by the UK Department of Work and Pensions in a cross-section of localities, has found that the Flexible New Deal has had a positive impact and achieved better outcomes in terms of participant service satisfaction, increased levels of awareness of job vacancies and higher levels of entry to paid work among participants than the previous programmes.

Source: National contribution for the Comparative Analytical Report, UK
Interestingly, in several countries the recession has acted as a catalyst for institutional development for LPPPs. The examples below show that the coordination of LPPPs’ activities and collaborative work with the national government to deliver crisis measures has been intensified in some EU15 countries.

- In Ireland since 2009, local partnerships have been undergoing a certain degree of rationalisation and consolidation, having attracted criticism as their activities were uncoordinated.

- In Italy, regional agreements were signed for the implementation of public anti-crisis measures, to establish for example a network of services in which public and private organisations can compete and cooperate in providing services for employment and training.

- In Sweden, the governance system for LED has been improved through the creation of regional coordinators appointed by the government in the autumn of 2008 in different regions. Their mission is to update the government on regional issues and provide suggestions for national-level measures, acting as a link between local actors including municipalities and local businesses, public sector actors such as the PES (Arbetsförmedlingen) and the governmental agencies, schools and universities, and social partners.

Significant country-wide developments prompted by the crisis to promote the development of LPPPs have also taken place in the Netherlands and the UK.

- In the Netherlands, LPPPs were not common practice prior to the crisis but have been significantly fostered through the establishment of Labour Mobility Centres (LMCs) in 30 regions. LMCs are financially supported by the UWV Public Employment Service (which receives a yearly budget from the national government), funds for labour market measures and training, local or regional authorities and other sources such as the ESF or the European Globalisation Adjustment Fund. The activities of LMCs are ‘demand-oriented’. In other words, the initiative for cooperation is usually taken by individual employers. LMCs aim to deliver tailor-made solutions for particular local/regional labour market problems through public and private partners (local authorities, schools, employers, employment agencies and the UWV) on a project basis. LMCs have implemented training projects to help redundant workers find new jobs and also helped companies having problems in either finding personnel or retaining staff due to a temporary fall in production. Table 6 offers an example of this.

- In the UK, the role of Regional Development Agencies (RDAs) in England became more pronounced because they were charged with creating regional economic plans for combating unemployment and for intervening where there were large-scale job losses, as shown in Table 5. In 2010, it appears that the role of local authorities was strengthening, given that they have been tasked by the new UK coalition government with creating new ‘local enterprise partnerships’ to fight unemployment, replacing RDAs. The prevailing view of the coalition government in its policy announcements is that LED policies have the potential to respond efficiently and effectively to local needs. As present, however, the level of funding for the new local enterprise partnerships is unclear.

**Focus of joint LPPPs in the context of the recession**

**Overview**

The widespread absence of noticeable policy developments discussed above relating to LPPPs does not mean that they have not played an important role during the period to improve employment prospects at the local level, or that their activities have not been consistent with recovery measures. In Austria, for example, the stability of the TEPs since 2008 was considered a
positive signal, showing that they are considered by the national government as useful permanent instruments.

The impact of the financial crisis on labour markets was not felt immediately in many European countries, which makes the identification of LPPPs introduced specifically in response to the crisis difficult. A distinction is made whenever possible between examples of local partnerships set up before the crisis that are considered to have contributed to mitigating the downward trend in employment, and new LPPPs created specifically with the aim of tackling the effects of the crisis.

Four main and interrelated types of LPPP intervention in response to the crisis can be identified:

- the reintegration of vulnerable groups – a ‘traditional’ focus of LPPP activities whose relevance has remained high during the recession, although partnerships focusing on the inclusion of marginalised groups have not necessarily been given much attention in the public debate during the recession;
- the provision of active labour market measures for workers made redundant, building on pre-existing joint partnerships supporting restructuring processes;
- the provision of education and training for various groups such as workers, unemployed people and young people – not a new priority as such, but an area where efforts have been intensified or new activities have been launched;
- the support for innovation to encourage future economic growth.

The following sections explore examples of partnerships for each of the above types of intervention.

**LPPPs focusing on labour market integration of vulnerable groups**

As discussed earlier, many LPPPs created before 2008 focused on improving job opportunities for vulnerable groups as a cross-cutting priority. The activities of these LPPPs have not been specifically reoriented or mobilised in response to the crisis. However, the relevance of this type of partnership appears to have increased during the crisis. With fewer jobs available, the needs of disadvantaged groups have exacerbated since they now have to compete for jobs with alongside many more jobseekers who have recent work experience.

LPPPs aiming to stimulate direct and indirect job creation, for example in the social economy or by supporting entrepreneurship, can help improve job prospects of those furthest away from employment. Table 2 provides examples of relevant LPPPs established by the PES, social partners and third-sector organisations which support the creation of jobs and access to the labour market of those in the most vulnerable groups. Although no data are available regarding the impact of these projects, they have played an important countercyclical role at the local level.
Table 2: Examples of LPPPs creating new ways for vulnerable groups to access the labour market during/after the crisis

<table>
<thead>
<tr>
<th>Name, location</th>
<th>Scope, partners and activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social enterprise in the district of Spišská Nová Ves, Slovakia</td>
<td>This project funded by the ESF Operational Programme ‘Employment and Social Inclusion’ started in September 2008 and will end in 2011. The aim of the partnership, which includes two private enterprises, ÚPSVAR (PES) offices and a local civic association, People and the Perspective Krompachy, is to establish a social enterprise to support the employment prospects and social inclusion of marginalised groups of citizens, and improve their skills levels. The partnership’s target groups are socially excluded citizens, long-term unemployed people, persons with health problems and disabilities, low-skilled jobseekers and members of separated Roma communities. The partnership will train the social enterprise managers so that they are able to engage with and work with their target groups, as well as build links with local entrepreneurs.</td>
</tr>
<tr>
<td>Helping long-term unemployed people to start their own business, Slovakia</td>
<td>In Slovakia, at the request of the representatives of tradespeople and small firms, the government has implemented a programme financed from the ESF to encourage long-term unemployed people – those unemployed six months or more – to become entrepreneurs. The project aims to support individuals to start their own business through a special subsidy paid by the regional offices of ÚPSVAR (PES). Funding available varies depending on labour costs and the unemployment rate in the region. The subsidy can be used to cover all costs related to the business provided that the beneficiary will run it for at least two years. ÚPSVAR also provides a business preparatory course and assists participants in preparing their business plan and applying for a business licence. The feasibility of applicants’ business plans is assessed by a special regional committee including employer and trade union representatives. Some committees have been active in 48 regions since 2009 and meet monthly. Despite initial difficulties in securing representation from the business sector, this initiative has helped to strengthen cooperation between social partners at the regional level and engage employers in the process of addressing skills gaps. The initiative helped tradespeople and employers understand the importance of, and the need to get involved in, the management of employment measures.</td>
</tr>
</tbody>
</table>

Source: National contribution to this report, Slovakia

Active labour market measures for redundant workers

In light of the recession, a number of pre-existing LPPPs have acquired special relevance in facilitating the reintegration of redundant workers. LPPPs focusing on the management of restructuring and placement services and job-to-job transitions for redundant workers in the case of collective dismissals have been used to alleviate the impact of the downturn on workers and companies. For example, in Austria, the role of labour foundations (Arbeitsstiftungen) involving companies, social partners and also the regional government to some extent, first introduced in the early 1980s to support redundant employees, have gained in importance during the crisis. Table 3 presents other similar pre-existing examples of LPPPs.
During the crisis, initiatives also showed an enhanced focus on similar activities in Austria, Lithuania, the Netherlands, Portugal and Sweden. A key success factor linked to the implementation of these initiatives is the speed of response and the flexibility of the service offer, which can only be obtained through local delivery and involving the ‘right’ partners. For instance, in Estonia, there is recognition that the mix of stakeholders to be involved in ‘reaction services’ for collective redundancies should be analysed on a case-by-case basis. The experience of setting up company-level mini labour exchanges in Lithuania has also shown that social partner involvement is a key success factor in the improvement of labour market integration of dismissed employees.

### Table 3: Examples of pre-existing LPPPs supporting restructuring and placement services for redundant workers

<table>
<thead>
<tr>
<th>Name, location</th>
<th>Scope, partners and activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mini labour exchanges, Lithuania</strong></td>
<td>A mini labour exchange can be set up within an enterprise as soon as it posts a redundancy notice (two months before the redundancy takes place). It consists of representatives of the Local Labour Exchange (LoLE), and local offices of the Lithuanian Labour Market Training Authority (LDRMT), trade union representatives if relevant and local government representatives. The services for employees under notice of redundancy include individual or collective consultation, access to relevant job vacancies and information about active labour market measures. Employees are also encouraged to visit other local enterprises.</td>
</tr>
<tr>
<td><strong>‘Reaction service’ to collective redundancies, Estonia</strong></td>
<td>This measure has been established in many different locations within the 2007–2013 ESF programme and is coordinated by the Estonian Unemployment Insurance Fund. The ‘reaction service’ concentrates on the company that is making collective redundancies and aims to reduce the period of unemployment for persons made redundant through various services such as counselling and job mediation. The variety of stakeholders involved – the labour inspectorate, local governments and other enterprises – depends on the specific needs of the persons being made redundant and the company, taking into account, for instance, whether there is a trade union. Mediation with potential employers is provided and redundant workers can, for example, visit other companies. Employees are made aware of their rights and are offered guidance and information as well as financial advice. Between January and May 2010, the ‘reaction service’ supported 60 cases of restructuring. An evaluation carried out in 2007 showed that the measure that most improves redundant workers’ employability is the mediation between them and potential new employers.</td>
</tr>
</tbody>
</table>

*Source: National contributions to this report*

Furthermore, worsening labour market conditions also prompted the establishment of new local initiatives dealing with workers facing redundancy. Table 4 presents two recent examples of partnerships in the UK and in Germany. These initiatives share many similarities with the examples of LPPPs tackling restructuring prior to the crisis presented above, notably the cooperation of the PES and/or the social partners in their implementation.

Although they have been initiated and developed locally, it is worth noting that these initiatives were made possible by the presence of the appropriate national framework, policy and incentives.
Table 4: Recent examples of LLLPs dealing with large-scale redundancies

<table>
<thead>
<tr>
<th>Name, location</th>
<th>Scope, partners involved, activities and results</th>
</tr>
</thead>
</table>
| Northern Rock Response Group, North East England, UK | **Management of large-scale collective redundancies**  
This taskforce was set up by the UK public authorities in 2008 to deal with the 2,000–2,500 job losses announced mostly in North East England after the collapse and subsequent nationalisation of the financial sector firm Northern Rock.  
The taskforce was led by the Regional Development Agency One North East and involved Northern Rock, Jobcentre Plus, the Learning and Skills Council, Business Link North East, Newcastle City Council, Sunderland City Council, North East Chamber of Commerce and CBI North East. The Response Group also involved liaising with a number of private firms in the financial services sector.  
The aim of the Response Group was to provide support to the workers made redundant and reintegrate them into the labour market, and ensure that the redundancies did not lead to longer-term economic problems in the financial services sector in the North East. In order to achieve this, a mixture of traditional fiscal stimuli and ALMPs were used. Every redundant worker could benefit from skills assessment, support to identify retraining opportunities and job vacancies within firms in the North East England financial services sector, or support to start up a business.  
One North East has reported that the Response Group had a generally positive impact. Redundant workers benefited from retraining and psychological support and many of them found jobs in the local financial services sector. However, the continuation of the economic crisis in the UK, and a general worsening of labour market conditions in particular in the financial services sector, limited the ability of the Response Group to identify suitable vacancies for all redundant workers. |
### Name, location

<table>
<thead>
<tr>
<th>Name, location</th>
<th>Scope, partners involved, activities and results</th>
</tr>
</thead>
</table>
| HessenTransfer initiative, Germany | **Support to SMEs in order to deal with staff surplus**
HessenTransfer was launched in April 2010 by Hessian social partner confederations (DGB Hessen representing the trade unions and VhU representing employer associations) in cooperation with the Ministry of Social Affairs of the state of Hesse and the regional PES branch (BA).

HessenTransfer provides advice and practical help for SMEs on how to deal with staff surpluses in times of economic hardship and supports employees affected by redundancies searching for new job opportunities. It helps companies wishing to cooperate with a transitional employment agency (Transferagentur) or transitional company (Transfergesellschaft), whose objective is to place workers in a new position, or to set up their own transitional agency/company. The measures are financed by the BA and the company that is restructuring. The BA pays a short-time working allowance for a maximum of 12 months, while the previous employer pays the social security contributions, administrative and consulting costs of the transitional employment agency/company and any costs incurred for further training courses.

As part of the initiative, regional meetings have been held to publicise and encourage companies to take advantage of the existing legislative measures. Chief executives of the municipalities and other relevant authorities serve as promoters. Professionals from local or regional branches of the BA and consultants affiliated to social partner confederations explain the transitional employment instruments and the legal framework, in addition to providing practical examples.

*Source: National contributions*

### Education, training and retraining

Partnerships delivering education and training measures have also gained in importance since the beginning of the crisis. They have been used as an opportunity to maintain job sustainability and increase productivity, as well as to contribute to improved employment opportunities for unemployed and young people.

This focus on skills development is not new. For example, in Luxembourg and the Czech Republic, many LED projects prior to the crisis already focused on increasing jobseekers’ employability through skills development. Table 5 provides examples of partnership arrangements in Germany and Austria that were established before the crisis but can be considered as particularly relevant in the current economic context.
Table 5: Examples of pre-existing LPPPs in the field of initial and continuous training

<table>
<thead>
<tr>
<th>Name, location</th>
<th>Scope, partners and activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Munich Employment and Qualification Initiative, Germany</td>
<td>Over a number of years, the city of Munich has run its own employment and qualification initiative, which aims to improve the employment prospects of long-term unemployed people, facilitating the transition from school to vocational training and work, promoting gender equality and adaptation to structural change. Since February 2007, training has been provided in cooperation with a network of local training organisations and the local joint social assistance agency. In 2010, some 110 projects were fully or partly funded from the municipality’s budget and delivered by various local private partners. The organisations running the projects can apply for additional funding, for instance, from the ESF. Part of the funding is allocated to projects that involve profiling and vocational training activities. In 2009, almost 5,500 young people per year participate in mentoring, profiling and training activities.</td>
</tr>
<tr>
<td>Shortened apprenticeship training, Upper Austria</td>
<td>This partnership, launched in 2009, is implemented within the Upper Austria TEP and operates across the whole province. It targets unemployed young people aged between 18 and 24 years who have not completed formal education and offers them shortened apprenticeship training leading to a vocational degree, to improve their labour market opportunities. The participating partners are the provincial PES office (AMS) and the provincial government of Upper Austria who equally contribute to funding, as well as educational institutions, social partners and enterprises. The vocational training offer covers many sectors. The training courses last between six and 24 months, shorter in comparison with regular apprenticeship training taken up at a younger age. The duration may also be further reduced if a participant has formerly taken training courses or completed education that can be credited towards the new qualification. The measure also includes financial support for participants of no less than the usual unemployment insurance benefits or emergency assistance, and a monthly qualification bonus of €200. In 2010, funding was limited to qualification measures for 400 young people (275 male and 125 female) at an estimated total cost of €3 million.</td>
</tr>
<tr>
<td>ProActif non-profit organisation, Southern part of Luxembourg</td>
<td>ProActif is an NPO founded in 1998 by the Luxembourg Confederation of Christian Trade Unions (LCGB) under the regional and local action for employment strand of the National Action Plan for Employment. ProActif is currently engaged in a number of different projects, most of which are financed by the Ministry of Labour and Employment and local project partners, aimed at developing the skills of unemployed people. It collaborates with municipal governments, labour unions, associations and businesses. ProActif operates a training centre in Lintgen that offers eight-week training courses to jobseekers that develop both their social and technical skills and offers on-the-job training through short-term placements to increase their</td>
</tr>
</tbody>
</table>
Although the organisation has maintained its activities throughout the crisis, the number of successful job insertions by ProActif has declined due to the worsened labour market situation.

Source: National contributions

In addition to the examples reviewed above, new LPPPs focusing on skills development were also introduced in reaction to the downturn, with a view both to improving individuals’ skills and employability and shaping the future competitiveness of their employers. In France, in several regions, intersectoral agreements have been signed by social partners to mobilise their bipartite organisations to respond better to the needs of employees and employers in the short and medium term. These agreements allow the delivery of guidance and access to information relating to training programmes and resources for employers and employees in the current economic context.

Training activities are also closely related to the types of measures introduced for redundant workers outlined in Tables 3 and 4. In Luxembourg, an initiative was taken at the national level to support redundant workers in the financial services sector. The Ministry of Labour and Employment developed the training measure ‘Fit4job’ in cooperation with the Luxembourg Bankers’ Association (ABBL) and the Institute for Training in Banking (IFBL).

Table 6 below illustrates recent examples of training measures delivered by local or regional partnerships in Sweden, the Netherlands, Denmark and Belgium. As with some of the examples reviewed earlier in this section, the objective of these LPPPs is to make the most of existing resources during the crisis.

In addition to training delivery, some activities in the Netherlands, for example, have focused on the recognition of competences already acquired by employees.

Young people with low educational attainment whose employment opportunities have been dramatically reduced have also been identified as a target group for training activities in Belgium.

Table 6: Recent examples of LPPPs in the field of training

<table>
<thead>
<tr>
<th>Name, location</th>
<th>Scope, partners and activities</th>
</tr>
</thead>
</table>
| **Västkraft Partnership, Gothenburg region, Sweden** | **Retraining employees and workers affected by redundancies**  
The project was launched in 2009 due to the adverse labour market situation in the Gothenburg region. It is financed by the ESF with €5.3 million (SEK 50 million) and is set to run for two years. The Gothenburg municipality leads the project and works with nine partners. These include the PES Arbetsförmedlingen, Business Region Göteborg and the main social partner organisations. The objective of the partnership is to improve the skills of employees and redundant workers in the technology sector, in particular within the automotive industry including, but not exclusively, subcontractors, and thereby improve the region’s sustainable growth. The project also aims to promote increased strategic collaboration among the municipalities of the region in the delivery of adult education and training tailored to local businesses’ needs. Training providers are selected via public procurement. Some 80 local companies have participated in the project, the majority of which are SMEs. Eighteen months after the start of the project, 1,500 persons have completed their education at Västkraft, with an additional 2,000
<table>
<thead>
<tr>
<th>Name, location</th>
<th>Scope, partners and activities</th>
</tr>
</thead>
</table>
| Labour Mobility Centres, Netherlands | **Helping companies to grow through the validation of competences**
Labour Mobility Centres have been set up in the Netherlands at regional level. One of these centres helped a medium-sized office company that needed to make an inventory of the capacities of its personnel so that it could seek new markets. The centre organised the validation of prior learning and competences for their employees. Results demonstrated that 30% of the employees could be offered a competence certificate. This better insight into its employees’ competences means that the company has developed a number of new products and thereby strengthened its market position. Because employees are now aware of their own competences, they are also better equipped to consider career progression. |
| Adventure Academy, southern Denmark | **Boosting the competences of employees in the tourism sector**
The Adventure Academy (**Oplevelsernes Academy**) is a three-year training, education and development project in Denmark which aims to provide innovative, experiential training for the Danish tourism sector. The academy, established in southern Denmark in October 2010, is intended to improve the level of competences and qualifications of employees in a sector strongly affected by the crisis. The project is designed by Southern Danish Tourism (a regional umbrella organisation) and the Tietgen Competence Centre, but the partnership also includes 250 private companies, municipalities, as well as 28 educational institutions in the region. The project offers tailored courses and counselling to the companies in order to improve qualifications in a sector characterised by a low level of education and a high level of competition. Evaluations of similar previous initiatives in Denmark have shown that this sort of partnership across sectors with anchored regional networks have been fruitful and provided good experiences for the participants and can lay foundations for strong and lasting partnerships. Good communication among the different partners is vital for success, while a key challenge is to persuade small companies to participate. |
| ‘Work them through the crisis’ project, Flanders, Belgium | **Helping low-skilled young people access the labour market**
Eight local social economy actors from the East-Brabant region in Flanders set up this project to combat rising youth unemployment among people with low-level skills in the region and improve their employment opportunities. One of the partners is IGO Leuven, a service-delivery association for local authorities, which already works with most of the actors involved in the partnership through the social economy company ‘Learning-at-Work Enterprise East-Brabant’. The project started in May 2010 and will run for one year. It targets 150 young people; they will be provided with a job to gain work experience, alongside coaching to help them apply for jobs afterwards. The principle of ‘learning by doing’ is central to an approach that delivers on-the-job-training in real work situations. In addition to technical skills, considerable attention is paid to non-technical aspects. |
is paid to good working attitudes, such as arriving on time, informing their employer about sickness, and learning to schedule certain aspects of their lives, such as dental appointments, in their spare time.

Participants are recruited by the Flemish Public Employment Service (VDAB) and the local social welfare agencies (Openbare Centra voor Maatschappelijk Welzijn, OCMW). Support and financing comes from VDAB, ESF Flanders and the Flemish administration. The eight partners have a team meeting on a monthly basis, with a wider steering committee meeting every three months, which includes representatives from VDAB, OCMW and the financing authorities.

Source: National contributions

**Strengthening local potential for innovation and competitiveness**

In some countries, to meet the challenges arising from the crisis, there has been an increased focus on trying to increase competitiveness at the local level and on fostering innovation. As discussed above, this may have taken the form of renewed efforts in the field of education and training. Another approach is through the establishment of clusters, a geographical concentration of companies within the same sector to facilitate knowledge-sharing and cooperation, or through the creation of technological parks. These types of LPPPs are long-term projects which often pre-date the crisis. Examples from Spain and Denmark are provided in Table 7. In the current economic context, these initiatives appear to be a useful complement to activities aimed at mitigating the most immediate social effects of the crisis, helping to redynamise the local economic fabric and stimulate the long-term creation of quality jobs.

The examples show that these types of initiatives are typically bottom-up, initiated by private companies and education and research institutions, but that regions can play a significant role in encouraging the creation of stable, sustainable clusters and facilitating cooperation between partners. The institutional and financial support from regional authorities for clusters often is instrumental in the launch and development of the initiative. A single company or umbrella organisation playing a leading role is also seen as a key success factor.

As for support for innovation at the local level, it is worth mentioning an increasing trend in Denmark within LED towards ‘green’ projects, looking at new and innovative solutions with a more environmentally-friendly profile. For example, a partnership in southern Denmark aims to develop tools, methods and skills among SMEs specialising in energy-efficient construction. It includes municipalities, local finance institutions, private companies within the construction sector and research institutes. Funding is provided by the Regional Growth Forum – which includes the regional and municipal governments, the social partners, representatives from private companies, and research and education institutions. This type of initiative should, however, be seen as part of a broader trend and not simply related to the crisis.
### Table 7: Long-standing LPPPs fostering innovation and competitiveness

<table>
<thead>
<tr>
<th>Name, location</th>
<th>Scope, partners and activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Park of Fuente Alamo, Murcia region, Spain</td>
<td>The Technology Park of Fuente Alamo was the first initiative of this type to be set up in Spain as a partnership. It was inaugurated in 2004 through the initiative of the Regional Government of Murcia in the framework of its 2003–2006 Science and Technology Plan. It is legally constituted as an enterprise, responsible for the design and management of the partnership, with the support of a network of external experts. Partners are the regional development agency of the Autonomous Community of Murcia, the private enterprise MTorres Diseños Industriales S.A., the savings banks Caja Murcia and Caja Mediterráneo (CAM), the Cartagena Business Organisation Confederation (COEC) and the Chamber of Commerce and Shipping of Cartagena. Vice-chancellors of the Polytechnic University of Cartagena and the University of Murcia sit on the Administrative Board. Partners share the risks and the revenue and are responsible for its financing. The Regional Government provides substantial public subsidies and incentives according to guidelines established by the region’s 2008–2013 Industrial Plan. In 2009, the Murcia regional development agency offered subsidies for companies interested in joining the park. The development of the park is also a priority for the Murcia region’s 2007–2013 strategic plan. The park aims to foster the exchange of knowledge between enterprises and between enterprises and universities especially in knowledge-intensive sectors that are expected to generate quality employment in the region in the long term, such as microelectronics, biotechnology, renewable energy, robotics and aeronautics. A success factor for collaboration is the development of common spaces and shared facilities which favour the efficient use of resources and infrastructure. Since its creation, the Technology Park has grown substantially and entered a second development phase, planned before the onset of the crisis. Eighteen companies are currently or are planning to be based at the park.</td>
</tr>
<tr>
<td>Regional clusters in Denmark</td>
<td>The aim of this type of partnership is to create a formal network of actors within a geographical area who will cooperate in the development of new knowledge and tools to increase competitiveness, and attract qualified workers to the area. In the long term, the objective is to increase growth within existing companies, develop and use new technologies, and secure the local economy and employment. The focus on clusters as a measure to meet the challenges resulting from the crisis is evident in the different strategic plans of the Danish regions. One example is the Construction Cluster in the North Jutland region. Although the cluster was initiated in 2006, it has been highlighted as a key tool in the process of dealing with the crisis. The cluster is supported by the SmartCityDK fund, and the stakeholders include private companies, research institutions and the Regional Growth Council of North Jutland. In Denmark, the first steps towards establishing a cluster are often taken by private companies and education and research institutions, which jointly...</td>
</tr>
<tr>
<td>Name, location</td>
<td>Scope, partners and activities</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td></td>
<td>design and implement its activities. The regions can either have a limited role in providing funding for the projects, or may also take an active role, providing framework conditions, marketing of the cluster and supporting coordination. Municipalities may on occasions also be part of the partnership.</td>
</tr>
<tr>
<td></td>
<td>Stability in the leadership and coordination roles in partnerships is seen as necessary for a cluster to succeed. One or more companies, or a regional umbrella organisation, typically function as a ‘driving force’.</td>
</tr>
<tr>
<td></td>
<td>Communication and dialogue between private companies and research institutions has been seen as one of the challenges in the establishment and continued development of clusters. Other challenges include the lack of awareness of clusters and lack of funds for innovation. In response, regions have taken the initiative to establish them or have raised awareness of existing clusters. The creation of a one-stop-shop has been suggested, where the partners can apply for funding or for the introduction of a regional facilitator to coordinate the continued development of the cluster.</td>
</tr>
</tbody>
</table>

**Source:** National contributions

**Commentary**

The evidence available suggests that in many European countries, LPPPs still represent untapped potential; many countries have not fully seized the opportunity to use local partnerships to tackle the labour market effects of the crisis.

Some of the obstacles to the deployment of local action pre-dated the crisis, such as highly centralised frameworks for employment policy. Partnerships designed, initiated and implemented by local actors alone are rare. In addition, many Member States developed and introduced a range of national public measures very swiftly to deal with the impact of the recession and preserve employment (‘anti-crisis measures’), and rarely used local partnership arrangements to deliver them. Multi-stakeholder approaches, requiring more time for consultation and negotiation, were less frequently used or not identified as priorities. Nevertheless, there is some evidence to suggest that bottom-up and small-scale initiatives by private actors such as local firms or NGOs do exist and have played a role in alleviating the impact of the crisis.

Limited financial resources for LPPPs are a concern in many countries, especially the availability of private funding. A combination of the financial crisis and a deteriorating labour market situation across Europe results in a common challenge for all countries: ‘do more with less’ or with fixed resources. However, limited funding does not seem to be the main reason why such tools were not used more significantly in the context of the recession. Given that this type of initiative is often financed by European Structural Funds, funding did not shrink drastically. Although the strong dependence on European funding (especially from the ESF) can be characterised as a weakness, in the context of the recession, EU project-based funding has played an important countercyclical role.

Overall, no general changes in the LED governance model have been observed as a result of the current recession. However, some important developments can be found, for example, in the UK and in the Netherlands, where the prominence of LPPPs across the whole country was strengthened as a means for dealing with rising unemployment at the local level.

Many of the pre-crisis public-private partnerships for employment conceived in the context of a tight labour market focused on support to the most vulnerable groups excluded from the labour market, such as long-term unemployed or low-skilled people. While this remains a challenge, the
The crisis has seen an increase in the numbers of redundant workers. Job retention and the rapid re-insertion of redundant employees through job-to-job transition, matching and requalification, has emerged as an objective of crisis measures to ensure that those made redundant through recent job losses do not become the long-term unemployed of the future. Evidence collected for this report suggests that in several countries the focus of LPPPs was not altered. This does not mean that these LPPPs were idle; their role remained crucially important as the needs of disadvantaged groups have been exacerbated in the crisis context.

Some LPPP activities have also acquired special relevance in the context of the crisis. Worsening labour market conditions have prompted European countries to make full use of or set up new local initiatives to help redundant workers or those at risk of losing their jobs through skills development and training, including in the field of entrepreneurship. New ad-hoc partnerships seem to have emerged in those countries where there was already a long-standing tradition of such partnerships. The examples identified demonstrate that LPPPs can work efficiently and effectively to facilitate job retention.

There are limitations to what can be said about how successful LPPPs have been in dealing with the crisis. As many of these initiatives are still very new, some have not yet resulted in concrete outcomes while others have yet to be fully evaluated. In some Member States, including Denmark, the Netherlands, Sweden and the UK, it is possible to find positive evidence of LPPPs using trade union and employer expertise to tackle the effects of the recession and help redundant workers.

The crisis has placed new challenges and demands on LED, but principles identified before the crisis remain valid. The success factors for the implementation of LED are generally described as the right mix of ‘ingredients’ at the local level, such as commitment from stakeholders to develop partnerships and the empowerment of local communities and local actors, together with a governance framework favourable to LED at the highest level, allowing space for local action and guaranteeing long-term funding. In the context of the crisis, success stories identified in this report have also highlighted the importance of partnership, dialogue, cooperation and networking between public authorities at various levels, local firms, social partners and civil society.
Bibliography


Eurofound, European Restructuring Monitor, Tackling the recession: Employment-related public initiatives in the EU Member States and Norway, 2009.


European Employment Observatory, Background paper on measures to deal with the economic crisis (189Kb PDF), 2009.

Froy, F. and Giguère, S., Putting in place jobs that last: A guide to rebuilding sustainable employment at the local level (2.44Mb PDF), Paris, OECD, 2009.

Mandl, I., The interaction between local employment development and corporate social responsibility, Austrian Institute for SME research in cooperation with the European Association for Information on Local Development (AEIDL) and the European Network for Social and Economic Research for DG Employment Social Affairs and Equal Opportunities, Brussels, 2009.

Claire Duchemin and Pat Irving, GHK Consulting Ltd

EF/11/05/EN