



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

Executive summary

Introduction

This report by Eurofound's European Restructuring Monitor (ERM) focuses on local employment initiatives involving the cooperation of various public and private stakeholders. It looks at how such local public-private partnerships (LPPPs) have been and are being used across the EU (with the exception of Finland and Latvia) and Norway to prevent or counteract the effects of the economic crisis on labour markets.

Local Employment Development (LED) refers to a set of actions that aim to improve the local economy and 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. The partners involved can include, for example, public authorities at various levels (regional, provincial, municipal), agencies (public employment services and local development agencies), local employers, chambers of commerce, social partners, non-profit organisations and non-governmental organisations (NGOs).

Policy context

LED policies have gained momentum since the 1990s and have been recognised at European level as an important mechanism to improve employment prospects in the EU, in line with the principle of subsidiarity. Many local public-private partnerships for employment are financed by the European Social Fund (ESF).

The crisis has fundamentally changed the economic landscape in which employment policies (including LED) operate, as many opportunities to join or re-enter the labour market have been curtailed.

Key findings

Evidence currently 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. In most countries, the development of LPPPs to boost employment tends to follow a top-down approach incorporating some bottom-up strategies.

Some of the obstacles to the deployment of local action existed prior to the economic crisis – for example, highly centralised frameworks for employment policy. Partnerships designed and implemented by local actors alone are rare. In addition, many Member States developed and introduced a range of urgent public measures to deal with the impact of the recession and preserve employment, though they have not relied on 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. The report provides a 'snapshot' of what is known about LPPPs within the context of the crisis and demonstrates that bottom-up and small-scale initiatives by private actors such as local firms or NGOs 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. However, this does not seem to be the main reason why such tools were not used more significantly during the recession. Because this type of initiative is generally financed by European Structural Funds, funding did not shrink drastically.

No major changes in the LED governance model have been observed as a result of the recession. However, some important developments can be found in the UK and the Netherlands, where the prominence of local employment partnerships across the whole country was strengthened as a way to deal with rising unemployment at the local level.

The deterioration of the labour market situation across the EU has implied a common challenge for all countries: 'do more with less' or with fixed resources.

Many of the pre-crisis public-private partnerships for employment (conceived in a tight labour market situation) focused on supporting the most vulnerable groups excluded from the labour market such as long-term unemployed or low-skilled people. Evidence suggests that in several countries the focus of LPPPs was not altered. However, this does not mean that these LPPPs were idle; their role remained crucially important as the needs of disadvantaged groups have been exacerbated as a result of the crisis.

While the integration of vulnerable groups remains a challenge, the number of redundant workers has increased during the crisis. Job retention and the rapid reinsertion of redundant employees has become a prominent goal of crisis measures to ensure that those made redundant through recent job losses do not become the long-term unemployed of the future.

Some LPPP activities have also acquired special relevance during 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 area of entrepreneurship. New ad hoc partnerships appear to have emerged in countries where there was already a long-standing tradition of such partnerships. Indeed, examples identified – such as the Northern Rock Response Group in the UK – show 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 recent, some have not yet resulted in concrete outcomes and others have yet to be fully evaluated. In some Member States, including Denmark, the Netherlands, Sweden and the UK, positive evidence can be found of LPPPs using trade union and employer expertise to tackle the effects of the recession and help redundant workers.

Policy pointers

LPPPs are a promising resource for the development of employment and growth, but findings suggest that this resource has not been fully used during the economic crisis.

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 local level (such as commitment from stakeholders to develop partnerships and 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. Given the crisis context, success stories identified in the report have also highlighted the importance of partnership, dialogue, cooperation and networking between public authorities at various levels, local firms, social partners as well as civil society.

The availability of European funding, policies and programmes has played a critical role as a catalyst for the development of local employment partnerships. 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.

Further information

The report *Joint public-private local partnerships for employment to cope with the recession* is available online at <http://www.eurofound.europa.eu/emcc/erm/studies/tn1010012s/tn1010012s.htm>

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