Experience and Measures for Improvement of Labour Market and Social Policy on Local Level and Their Implementation in Croatia

Abstract
There are still huge regional differences regarding the overall unemployment situation between and inside the EU members. This is a consequence of many factors, but it is also a result of the scope and efficiency of local activities in improving the local labour market. Mobilisation and activity of local communities in combating unemployment and poverty are essential because localities are best placed to translate national and regional strategies into action on the ground. Moreover, at the local level, the potential for job creation can be found and organised. Furthermore, local actors can best understand local conditions, aspirations and needs. The paper is oriented towards activities and experiences of EU and local initiative, and problems of institutional organisation. After the Foreword, Section 2 explains local initiatives for developing employment in EU. Section 3 is dedicated to the organisational structure of local institutions and inclusion of stakeholders. Some of the various practices in institutional reforms and partnership are provided in Box 3. Part 4 presents potential problems with decentralisation and local labour programmes. Finally, Part 5 applies the acquired information and knowledge to the situation in Croatia and gives a conclusion and recommendations.

Key words: unemployment, poverty, labour market, local initiatives, EU
1. Foreword

Regardless of general worsening in the overall unemployment situation in the last few years due to financial crisis, there are still huge regional differences between and inside the EU members. While some countries have managed to significantly reduce unemployment and increase employment (notably the Netherlands, Denmark, Ireland and the UK), others could only achieve partial success that still leaves unemployment rates much higher than in the 1970s (for example, Sweden, Germany, France and Spain). Undoubtedly, this is a consequence of many factors, such as the general economic situation, demographic trends, the structure of the economy, the existing welfare and labour market situation, the level of employment protection etc, but it is also a result of the scope and efficiency of local activities in improving the local labour market. Local action is considered important, if not crucial, for employment policies to be effective. According to positive experiences (for example, in Denmark), the main arguments behind decentralisation – local labour market projects and involvement of the social partners - should be: making labour market policy more flexible and adapted to local needs; and, increasing the quality of policy by adding the knowledge of social partners and making them more engaged in the implementation of policy.

According to experiences from many countries (World Bank, 2004), it is apparent that successful unemployment palliation and labour market improvement require close cooperation between public and private sectors on various - especially local - levels, because neither alone is sufficient. Also, important are a clear division of authority and responsibility, and improvements in the system of reporting, monitoring and incentives. A successful program realisation requires a strong national commitment, a broad consensus, and a general realisation that this process is not short term and that it requires the persistence and patience of all participants.

In this paper, we will focus our attention on the experience of mobilisation of local communities in combating unemployment and poverty. Such activity is essential because localities are best placed to translate national and regional strategies into action on the ground. Moreover, at the local level, the potential for job creation can be tapped. Furthermore, local actors can best understand local conditions, aspirations and needs. Finally, it is at the local level that services are provided closer to the preference of the people which allows local innovation in responding to the needs of labour market. We are fully aware of all complex issues related to local development initiatives, such as the problem of inclusion and active participation of stakeholders, clear division or sharing of responsibility and accountability, possible conflicts between governmental bodies on various levels etc., but we will focus our attention towards activities and experiences of EU and local initiative, and problems of institutional organisation. Thus, after the Foreword, Section 2 explains local initiatives for developing employment in EU, and Box 1 provides various experiences on the local level. Box 2 provides some of the numerous initiatives for improving local level employment programmes and development. Section 3 is dedicated to the organisational structure of local institutions and inclusion of stakeholders. Some of the various practices in institutional reforms and partnership are provided in Box 3. Part 4 presents potential problems with decentralisation and local labour programmes. Finally, Part 5 applies the acquired information and knowledge to the situation in Croatia and gives a conclusion and recommendations.
2. EU and local employment development initiatives

The European Union has been supporting local actors in fight against unemployment since the early 1980s. The European Commission, together with other European Institutions, recognised the potential of local development in unemployment reduction as early as 1984. However, local employment acquired a prominent role only after the Commission's *White Paper on Growth, Competitiveness and Employment* was endorsed by the European Council in 1993. After a number of programmes on local employment initiatives in the mid 1980s, the *Territorial Employment Pacts* were launched in selected European regions in 1997. The Territorial Employment Pacts (TEPs) were structured around two main objectives: mobilisation of all regional actors in the fight against unemployment and the strengthening of structural policies for employment respecting four founding principles: bottom-up approach, partnership, integration and innovation. Each TEP was financed by the various Structural Funds and 89 selected Pacts helped to create employment, to involve private enterprises in developing their regions, to provide a framework for activities that respond to the needs of the territory and to boost partnership between public and private actors. TEPs and other experimental programmes in recent years tested new approaches for building local partnerships for jobs and were a helpful contribution in local employment development. Yet until the late 1990's the EU was lacking the institutional framework that would allow individual initiatives to move towards a more strategic approach, where local actors would be working together with clearly defined roles and responsibilities.

In November 2001 the European Commission adopted a Communication on the local dimension of the European Employment Strategy (EES) titled *Strengthening the local dimension of the European Employment Strategy*. This Communication suggested ways to help local actors play their full role in the EES, in cooperation with national authorities and Community institutions, underlining that new Member States should be fully involved in this process. Since the approval of the Communication, the Commission has endeavoured to develop a coherent strategy, as well as specific activities, in order to take forward the Union's priorities in the field of local employment. A particular focus for the Commission has been to play a supportive role for local actors, notably by ensuring better information and a more coherent use of existing policies and instruments; by being more accessible; and by promoting the exchange of best practices and experience.

Local employment development initiatives can also be participants in experimental and pilot actions with other international partners. For example, the EU has supported a wide range of experimental work in local employment development. This includes the Local Employment Development Action Programme, Territorial Employment Pacts, the Third Sector and Employment Programme, Local Social Capital Pilot Actions and Preparatory Measures for a Local Commitment to Employment. Furthermore, a European dimension offers greater recognition of their efforts.

Local partnerships involved in local employment development can benefit in a number of ways from EU support. They can receive funding for their activities directly from EU programmes. Local employment development initiatives are not new because since the 1980s, the European Commission has actively supported them; initially through initiatives such as the LEDA (Local Employment Development Action) programme, Territorial
Employment Pacts, and pilot projects, and later through the promotion of the local dimension of the European Employment Strategy (EES) and Identification, Dissemination and Exchange of good practice (IDELE). Thus, lessons can be drawn from existing knowledge and past experiences. Briefly, while coordination of employment policies is needed at the national and European level, local knowledge, engagement and coordination are indispensable for the successful implementation of employment strategies.

EU Commission is strengthening the local dimension of EES by four mutually linked priorities for action at the local level. Priority 1 is to assist local actors who wish to engage in a more strategic approach to local development. Priority 2 is oriented towards improvement in information available to local actors and promotion in exchange of best practice, benchmarking and peer review in the implementation of National Action Plans (NAPs) at local level. Priority 3 is to undertake an overall strategic evaluation of actions for local development supported under the different Community policies and financial instruments, while Priority 4 is oriented towards equal opportunities.

The process Promoting benchmarking within local employment development was established as an important means for improvement. Its aim is to increase the awareness of benchmarking as a tool to enhancing the performance of local employment by learning from others through comparison. A precondition for comparison is the sharing of similarities, and one may object that local employment development projects are so diverse and local experience so unique, that comparisons are almost impossible to carry out. It is necessary to understand that local employment development covers a vast array of projects with different objectives and methods, and of varying scale. For comparisons and benchmarking to be useful, it is important that what is compared is indeed comparable. Thus, identifying which project(s) to compare may be seen as a difficult task. However, there are benchmarking methods today for both very thorough and in-depth comparisons of projects as well as methods that offer more general and condensed measures for comparison. An important precondition for effective benchmarking is that it is embedded in the culture of the benchmarking organisation. Ideally, the idea that performance should be compared, and that efforts should be made to learn from those who perform better, should become an integral part of an organisation’s operation. The goal of benchmarking is ultimately to facilitate local employment development (for details about various benchmarking types and methods as well as examples, see European Commission, DG Employment, Social Affairs and Equal Opportunities, 2005).

European Commission underlines that a local employment strategy might have four overall aims:

- creating new jobs - promote the locality to inward investors; encourage the creation of new businesses, encourage a local culture of enterprise, identify job vacancies in neighbouring localities.

- raising the employability of local people - identify employers’ skill needs and train people to meet these needs, identify growth sectors and prepare people for work in these sectors, recognise the prior experience and skills of people and their communities create ‘intermediate’ or ‘sheltered’ employment opportunities to help long term unemployed people back into work, identify and retrain people at risk of redundancy.
• helping people into jobs - offer new facilities for care of dependants, resolve transport problems, provide better information about job vacancies, encourage employers to adopt flexible working practices.

• reducing inequality - create jobs suitable for disadvantaged groups, customise guidance and counselling services to the needs of disadvantaged groups, challenge discrimination in education, training and employment, encourage employers to recruit from disadvantaged groups, make different groups aware of sectors and jobs that they have not traditionally entered, empower target groups and communities by including them in the planning and implementation of projects.

Box 1 Best experience on local level

Austria - Territorial Employment Pacts (TEP) are no legal entities, but formalised networks of relevant labour market stakeholders connecting the federal and regional levels. Main actors within TEP are the Federal Ministry of Labour, the public employment service, and the County Government. The other members of TEP represent the social partners, the regional business community, the civil society and other social groups. By using bottom-up approach TEP provide active support for the design of the national employment policy in Austria which is accordingly reflected in the planning documents like employment action plan and the operational programming documents, which are the base for the EU Structural Funds intervention.

Bulgaria - The scheme Creating the right conditions for job creation included programmes and measures for job opening at the local level and according to local structural changes. It mainly reflects local employment programmes like the Regional Employment Programme for the Russe area, consisting of three components: managing starting business; joint start-up and, flexible employment. The last-mentioned component aims at job protection and stable employment in strategic sectors and branches of the region. The main elements are flexible working time, the training of unemployed persons, part-time employment, enhancing employability and employment possibilities of long-term unemployed, etc.

Denmark – The Danish labour market system has become more decentralised and greater emphasis has been placed on active labour market policies. The reforms are a new “window of opportunity” for local employment development, owing to the strengthened role of non-governmental actors in implementing active employment policies. The most recent reform, More people at work, was introduced in January 2003. Its main elements are: the number of individual active labour market policy programmes has been reduced and considerably simplified; higher priority is being given to early guidance and other forms of personal contact with unemployed people – at least every 3 months, and the unemployed are under greater pressure to search actively for a job and increase their mobility; benefits have been reduced for a number of groups (mainly recipients of social assistance), but the basic features of the unemployment insurance scheme remain intact. Private firms and organisations are to be given a greater role in implementing active employment policies. The targeted programme Fiche includes activation measures aimed at developing the competences of unemployed persons and testing their labour market availability. The purpose of competence development programmes is to upgrade the skills and qualifications of the unemployed with a view to enhancing their chances of finding jobs on ordinary terms and to ensure that the enterprise
will be able to recruit the labour they need. At the same time, activation is an instrument for the municipalities to check the unemployed person's labour market availability (Dahl, Boesby, Ploug, 2002).

**Hungary** - Since 1 May, 2000, the Regular Social Assistance to unemployed persons of economically active age (RSA) has been restricted to people who agree to participate in a public works scheme under the conditions defined by law. If the local government has no such job to offer, the RSA must still be granted to the person in need. Rules require the applicant to register with the local government, to cooperate in the means test, to accept a suitable job offer from the local government or the local job centre, and to participate in a “rehabilitation” programme (job-related or other training) required by the local government, if suited to their physical and mental condition. Proponents of the changes assumed that the tighter rules would encourage the long-term unemployed to return to employment, increase participation in public works organised by local governments and discourage free riders, i.e., those who reject services or job offers without an acceptable reason. The reintegration programme takes the form of a written agreement between the institution and the individual. The act amends the obligation of local governments to offer public or community service work opportunities for non-employed people. All together, all the new provisions keep the old rules but make them more specific (Fazekas, 2002).

**Ireland** - Local Development Social Inclusion Programme (LDSIP) involves integrated responses to the multi-dimensional nature of social exclusion, and its actions are grouped into three areas: services for the unemployed, community development and Community-based youth initiatives. Typical actions delivered under services for the unemployed include advice, guidance and mentoring for those accessing information, employment, education, training and self-employment options, delivery of tailored and flexible training initiatives, development and maintenance of employer and service provider networks, development of self-employment and social economy initiatives (Pobal, 2005).

**The Netherlands** - Municipalities are responsible for the reintegration of people who receive only social security benefits. The programme Cities Policy aims to restore balanced urban development, re-establish relationships between the various urban functions and thus works towards a "complete city". The government has made available 100 million Euros in this context for projects to boost the local economic climate. These include municipal projects in the fields of entrepreneurship and developing sectors.

**Scotland** - Local authorities have recognised the value of the European Employment Strategy. They found that the Strategy was a valuable analytical tool for identifying gaps and overlaps in strategies and initiatives at the local level. So they used the Employment Guidelines as the framework for developing a local action plan for employment. For example, they participate in the implementation of the UK agreement on pay and work conditions for fire-fighters as the basis for the development of a modern community based fire service and addressed recruitment and retention problems in the social care field through initiatives such as the fast track traineeship scheme for social workers (COSLA, 2004).

**Spain** - in the city of Gijón in the north of the country in the Asturias region, the Municipality ordered the University of Oviedo to evaluate labour market active policies. Throughout the 1990s, Gijón initiated different strategic plans aimed at reducing the impact of a severe loss of jobs and a high unemployment. This gave rise to the Gijón Pact for Employment 2000-2003.
The pact contains four plans: 1. Local Employment; 2. Local Training; 3. Technological Innovation; and 4. Actions of Economic and Industrial Promotion. The evaluation has addressed, in particular, the issue of whether it has been possible for Gijón to live up to the EES employment guidelines. Evaluation of the Pact has shown that it has been successful in introducing women to the labour market and supporting the establishment of small businesses (European Commission, DG Employment, Social Affairs and Equal Opportunities, 2005).

**United Kingdom** – *New Deal Programme for Long-Term unemployed* (all those unemployed for over 2 years) has the long-term aim of reducing unemployment and welfare dependency, enhancing labour market flexibility and leading to a highly skilled workforce. The target group is older adults unemployed for two or more years (the other one encompasses of young persons 18-24 years old unemployed more than 6 months). Failure to participate can lead to a two-week loss of benefits. Results show a significant widening of access to training schemes and movements from benefits into work. The New Deal invested larger amounts of resources in giving assistance to job search and by offering more generously funded options (Van Reenen, 2001).

The European Parliament has had a significant role in empowering local employment initiatives by stressing the need for the integration of different levels of labour markets and pointing to the need for a *bottom-up* process in the European Employment Strategy. In this way, local and regional knowledge and commitment can complement and improve the present policy process. The European Parliament emphasises the importance of local government, which, since it constitutes the first level of democratically elected government, and is closest to the citizens, can play an important role in establishing collaboration between all local, public and private bodies working on promoting employment.

As a means for improving co-ordination and co-operation of local-level employment programmes, the EU started with various initiatives (some of them are presented in Box 2). Therefore, it is necessary to enable better utilization on the local level of the EU Structural Funds and in particular the *European Social Funds* (ESF) that are primarily oriented to support unemployed working-able people and various on- and off-the-job training programmes. Approximately four-fifths of resources allocated by the ESF were used to combat long-term unemployment and the exclusion from the labour market, to provide skills and employment opportunities for youth, and to promote a quality of opportunity. In many EU regions, unemployment is still unreasonably high and the share of long-term unemployed is unpropitious.

**Box 2 – Various initiatives for improving local level employment programmes and development**

*The Equal Initiative* - its mission is to promote a more inclusive work life through fighting discrimination and exclusion based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The initiative acts as a testing ground to develop and disseminate new ways of tackling the discrimination and inequality experienced by those in work and those looking for a job. The bottom-up approach is crucial to the Equal initiative,
mobilising those at the local level to get involved in decision making and implementation of actions. More on http://ec.europa.eu/employment_social/equal/

The Urban Initiative - is designed to tackle the high concentration of social, environmental, and economic problems which are increasingly present in urban agglomerations. The Urban II initiative was established by the Commission in 2000, and is applied during the programming period 2000-2006. As a follow-up to Urban I in 1994-99, Urban II aims more precisely to promote the design and implementation of innovative models of development for the economic and social regeneration of troubled urban areas. It will also strengthen information and experience-sharing on sustainable urban development in the European Union. Key principles of the Urban initiative are: territorial and integrated approach, local participation, partnership, networking, complementarity, equality and evaluation.


The Leader Initiative - its objective is to provide assistance and encouragement to rural areas in formulating their long term strategies for sustainable development. The initiative funds local partnerships that initiate and implement schemes to improve the economic prosperity and quality of life in their local rural community. It supports the implementation of integrated, high-quality and original development strategies and has a strong focus on partnership and networks for exchange of experience. The Leader places great emphasis on the mobilisation of local actors to reflect on, and take control of, the future of their area.

http://europa.eu.int/comm/agriculture/rur/leaderplus/index_en.htm

(Source: European Commission, DG Employment, Social Affairs and Equal Opportunities, 2003, 2005)

The Coordinated Employment Strategy by the EU seeks to increase the exchange of knowledge and experience among member states and offers the opportunity to analyse and compare projects which have proven successful in member states. According to the experiences from various countries, it was shown that networking and cooperation on local level promote information exchange; enable shared access to resources and provide synergies between the mutual strengthening of different initiatives. Furthermore, they can enhance sponsorship of new initiatives by older, well-established organisations, already part of the networks operating at regional, national and even European level; and give support for motivating isolated units and promoters. Finally, they can enable accumulation of local and wider-scale advantages which encourage innovation.

Building on past experience in this field is essential for well-designed and efficiently implemented local employment strategies. It is equally important to fully exploit the potential offered by the Structural Funds, especially the EQUAL, URBAN and LEADER Community Initiatives and the Innovative Actions of both the European Social and Regional Development Funds. The organisational structure of institutions and stakeholders included in local employment programmes and development is very important in all of these schemes, and we analyse it further in the next section.
3. Organisational structure of local institutions and inclusion of stakeholders

Rutkowski et al (2005) underline that certain Active Labour Market Policies (ALMPs) work better and are more cost-effective than others, with the ranking of interventions varying according to specific labour market conditions and dependent on the effectiveness of local institutions. In many of the transition countries, the institutional structure for voicing business concerns and improving labour market on the local level has already been created (see Box 3). The challenge is to overcome bureaucratic inertia and to mobilize political support for these necessary reforms that hurt the interests of those who benefit from the status quo.

There is no single, uniform, ideal framework of local institutional organisation and optimal mix of partners. Membership could vary significantly, from locality to locality. Indeed, so will roles, responsibilities and organisational structures. Some partners will be fully involved in implementation and others might only be involved as consultees. The key is to ensure wide consultation as well as effective decision-making. The process will have greater credibility, and the programme more impact, if as many relevant constituencies as possible are involved. Proactive and carefully designed efforts will be needed to seek the views of these actors and to be as transparent as possible with information.

The partnership should include all local actors with the knowledge, expertise and will to contribute to local employment development. These might include: local and regional authorities and the local representatives of national authorities (they are essential for creating a favourable environment for entrepreneurship and job creation and ensuring that the whole range of local services are supportive to employment); local employers such as large firms and institutions, but also representatives of small businesses and social economy bodies (as employers and partners can provide jobs and encourage other local players to improve their own contribution to local employment development); local offices of the public employment service (these have a key role to play in matching local labour markets with business needs); educational, training, and research organisations (these can help the unemployed and employed to improve their skills by providing education and lifelong training), local development associations; social partner organisations (these have a role in strengthening the adaptability and equal opportunities of the workforce); non-governmental organisations and professional organisations, especially Chambers of Commerce, Trade Associations (both direct employers and advocates on behalf of the citizens and groups, hence enhancing local participation and labour market). The improved social partnership and a shared responsibility provide a context for effective and long term initiative and sustainable development of the labour market on the local level.

A local partnership may be established that covers more than just one municipality. For specialized partnerships, one may also consider crossing the boundaries of the larger administrative and political units (regions). On the other hand, there could be a need for partnerships that cover smaller areas than a municipality, such as a single neighbourhood in a larger urban area. Local employment partnerships should seek to have an authoritative voice and role that is recognised on the national and regional level. They ought to be consistent with regional and national policy, particularly the National Action Plans and try to develop
institutional links with the regional and national levels. Finally, they should be part of the policy making process at regional and national level.

Box 3 - Various practice in institutional reforms and partnership

**Bulgaria** - Regional employment councils (REC) were built and include members of the local government, local administration, local labour offices, local employers’ organizations, local structures of employees and trade unions, local structure of the Ministry of Education, local development agencies, local statistical offices, and nongovernmental organizations. The REC goal is to prepare regional employment programmes and to work actively on a tripartite basis for increasing employment in their region. In 1999 there were 26 regional REC and 21 municipality employment councils (Beleva, Tzanov, 2001).

**Denmark** - Following a major reform of labour market policy in 1993-1994, the regional level became very important in the implementation of active labour market programmes. This reform is often seen as one of the main factors behind the recent success of the Danish economy. Among other main elements of the reforms was the decentralisation of policy implementation to regional labour market councils, which have been given the power to alter programmes to fit local needs. Thus, for example, in the City of Aarhus, the municipality undertook a study of the potential for strengthening local partnerships with a number of actors including the: Regional Labour Market Council (with representatives from social partners and the regional and local levels); Social Co-ordination Committee and the employment committee (with representatives from Aarhus Municipality, social partners, the regional labour office, organisations for the disabled, educational institutions and representatives of the medical profession); and local committee for business contacts (with representative from Aarhus Municipality, the social partners and educational institutions). The focus of the project was to identify the potential of, and the barriers to, developing partnerships in order to strengthen the implementation of a Local Action Plan for Employment.

**Hungary** - Although the various labour programmes and tasks specified in the Law are mandatory for all local governments, the size and nature of the tasks and the organisational and financial resources of local governments vary considerably across settlements. Settlements differ in the number of residents, the unemployment rate, the proportion and composition of the long-term unemployed, in economic, institutional, and social conditions, in opportunities for informal activities, and in many other factors bearing on governmental tasks and choices. Despite this, officials responsible for designing the amendments believed that the local governments and related institutions (county centres and local offices of the public employment service, schools, nongovernmental organisations, offices of public administration) would be able to implement the new regulations with their available resources, if they are given proper guidelines. Each local government is required to create the adequate institutional conditions for the obligatory cooperation either by its own institution or in association or partnership with other local governments or authorities. The institution designated for cooperation prepares a personal reintegration plan together with the individual which addresses social as well as employment issues.

**Ireland** - Local Development Social Inclusion Programme (LDSIP) is a series of measures that are designed to counter disadvantage and to promote equality and social and economic inclusion. Under the LDSIP, the Partnerships have flexibility to prepare local development
plans that respond to local economic and social needs. The LDSIP is implemented at local level by 38 Area-based Partnerships, 31 Community Partnerships and two Employment Pacts. These not-for-profit companies were set up in the areas of greatest need in the country, to provide an area-based response to long-term unemployment and to promote social inclusion. An evaluation of the *Pilot Programme for Economic and Social Progress* in Ireland identified three models of partnership: the *Delivery Approach*, in which the partnership designs, develops, funds and runs activity, usually on a time-limited pilot/demonstration basis and the activity is generally responding to a lack of locally-based services or insufficient mainstream provision; the *Agency Approach*, which also addresses an identified need but the response is more concerned with designing, or sometimes allocating resources rather than a direct involvement in the actual delivery of services to the target group; the *Brokerage Approach*, which provides a support structure to local actors. The main roles are planning, coordinating, supporting, facilitating and lobbying (Combat Poverty Agency, 2003, 2005, 2006).

**Latvia** - For the purpose of improving business climate and enhancing local labour market, a Steering Committee for Improvements of the Business Environment was established. It comprises various representatives from key ministries units of local government and self-government and people from associations of local firms, as well as foreign investors (World Bank, 2003).

**Poland** - A dynamic employers’ confederation, representing the new private sector, is vocal in publicly articulating business concerns and actively takes part in a dialogue with the government on investment climate issues. It is especially active in every day co-operation with various governmental bodies and NGOs on the local level.

**United Kingdom** – The *New Deal for the Unemployed* programme involves partnerships of local employers, local authorities, trade unions and third sector organisations. These partnerships advise the public employment service on the design and implementation of the New Deal programme in their locality.

4. Potential problems with decentralisation and local labour programmes

Potential problems with decentralisation, institutional reform and involvement of the social partners include possible conflicts between national and regional policy priorities (for instance in selecting specific target groups); regional actors may become frustrated in situations when there is a clash between expectations and available resources; decisions involving many actors may become vague or fragmented and lose a coherent strategic perspective. Furthermore, it is necessary to mention the possible conflicts of competence between the different actors involved in the planning and implementation of policy; conflicts between the overall national strategy and the different regional strategies; debates over the choice of relevant indicators for policy success at the regional level etc. Some countries have not given local employment development partnerships a clear legal and constitutional framework. Finally, one should not forget or neglect the caveats of possibly ill-prepared decentralisation and badly planned local employment activities.

In some countries, such as the UK, there have been many initiatives at the local level. An extensive network of local partnerships already exists. This can cause problems such as competition for funding and duplication of roles. So in these localities the focus might be on
co-ordinating or amalgamating existing partnerships, rather than creating new ones. Current adjustments of this part of the reform are aimed at overcoming these obstacles to a well-functioning formation of a regional labour market policy.

Of course, there are always some potentially negative risks and effects linked with local employment initiatives, but there are also possibilities to evade them. There is a risk that partnerships organised on formal representation lack a sufficient basis and contact with those who must be involved in the practical implementation of the local employment initiative. As a means for palliating potential risks, strategies must be developed to include and activate those actors who are particularly exposed to unemployment. Stakeholders on local level will often possess different knowledge about the problems faced by the partnership – knowledge that comes from a “bottom-up” perspective. For instance, the Danish Council of Organisations of Disabled People will have a strong understanding of how to integrate people with disabilities into the labour market, and their views might differ from the views of local politicians or civil servants.

Another factor for reducing possible adverse effects is deciding whether formal or informal partnerships between various other local actors are most relevant in a given situation. In the case of co-operation with smaller companies, informal relations may be more fruitful. On the other hand, a formal partnership should develop strong personal relationships between those directly involved and not become over-dependent on the formal structures. It must be based on a genuine knowledge of, and respect for, the actual situation and interests of the partners involved.

5 Conclusion and recommendation: application of acquired experiences to the situation in Croatia

Regarding the implementation of employment policy on the local level in Croatia, it is necessary to establish and/or improve co-operation between the Croatian employment service (CES) and active local initiatives, especially for the long-term unemployed and social welfare recipients. In this process it is necessary to use the “Best Practice” from both Croatia and abroad. For further development and co-operation, the management of local measures could be located in a centre for social work, where it will be necessary to organize an autonomous help-to-work department. This department’s activities could cover the whole range of counselling and placement services for social assistance recipients, including recommendation of measures as well as direct placement employment. The service would be an intensive one, where the counsellors would spend time in persuading employers to take on the long-term unemployed, on working with the individual beneficiaries and in ensuring that the persons placed in jobs do actually go to work regularly.

It is very important to establish a controlling system and participants’ database for such departments which could be accessed from various locations. In many bodies of local government and self-government there are active Councils or Committees for Social Policy (Vijeća za socijalnu politiku or Odbori za socijalnu politiku) that could also participate in employment programmes on the local level. The reform of social welfare in Croatia also entails decentralization that could enhance the role and importance of bodies of local government and self-government. The good will of all involved partners is crucial here since
centrally imposed co-ordination structure is often unsuccessful and the influence of the central government is therefore very limited.

There are currently no appropriate framework conditions for the existence and operation of Local Partnerships for Employment (LPE) in Croatia. The main problems are: missing institutional and legal setup of the existing partnerships in Croatia, the existence and operation of LPE is not reflected (or prepared) in any legal or administrative regulation; LPE did not get entrusted any regular tasks and responsibilities. Their operation and outputs are largely not taken serious by the most authorities on county or central level. There is up to now no functioning agreement and no solution prepared which ensures the funding of activities of LPE.

Positive results can be expected only with the co-operation which arises from the willingness of decentralized actors to interact. Successful locally-based co-operation depends on the establishment of links between decentralized government and local firms for the supervision of labour market policy. These relationships and inter-organizational links are a very important factor in the facilitation of mutual understanding and continued willingness to participate. Centrally enforced or mandated co-operation could not be successful without the willingness of local actors to interact. If the government wants the existing local public agency to intensify their co-operation, then it must change the constraints (mainly the rules and regulations) imposed upon local agencies and improve appraisal criteria (the outcome functions) that the governmental agencies are instructed to apply. In other words, the role of the central government should be restricted to setting the general framework within which the local authorities acquire greater discretionary power to take their own local measures to combat social disadvantages and unemployment.

What is needed is an institutional reform which leads to an improved correspondence between the labour market policy responsibilities of the local authorities and the financial and institutional resources available to them. We might call this policy social activation and its aim should be to allow the unemployed and the socially excluded to be involved in useful activities which can help to reduce social isolation and which may act as a starting point for getting people into education programmes and into paid work. The programmes could include the implementation of different experiments at the local level at volunteer work in all sorts of organisations, community work and landscape maintenance activities. To avoid treatment differences of individuals at the local level, the national authorities should have the primary responsibility for carrying out social policies whereas the local authorities should have the responsibility for the execution of societal projects and social activation policies. Box 4 presents the (only) 10 commandments of successful local employment initiatives and programmes.

Box 4  Ten golden rules for successful local employment initiatives and programmes
• **Success from involvement of many actors**: a broad-based membership of public, private and NGO organisations that have an interest in local employment.

• A genuinely **bottom up** approach that encourages initiatives and ideas from the ‘grassroots’ level with a partnership agreement that strengthens accountability by clearly distributing responsibilities between partners.

• European Employment Strategy as a **useful analytical tool** because it can potentially reduce duplication of effort and produce focused action.

• **Analysis of strengths and weaknesses** is important because it provides insight into possibility of understanding, anticipating and fulfilling local needs.

• Recurrent needs to **improve capacities of local actors** as a mean of empower people, especially disadvantaged groups.

• **Open and honest dialogue** between partners that allows them to bind together regardless of their individual responsibilities.

• **Use of appropriate and reliable indicators** – One should not forget that statistical variables do not capture some unobserved geographic effects (such as climate, quality of local administration etc). Hence, it may be desirable to complement the analysis using such additional data. Also, when using the technique to simulate the impact of reforms, behavioural changes are typically ignored or hard to capture.

• **Significance of gender equality** at local level as an important mean of improving women's access to and participation in the labour market. No local employment initiatives can be successful unless women are actively involved in it as both partners and beneficiaries.

• **Monitoring and evaluation** should be an integral part of every initiative and project, from start to finish. These are the systematic and objective assessment of an ongoing or completed project. Monitoring and evaluation are important to identify the constraints that hinder the initiative or project in achieving its objectives. A project is not complete unless it is monitored and evaluated.

• The establishment of new LPE should not be implemented by adopting only one partnership type and approach, but by **selection of an individual solution according to the actual needs and opportunities of its target region**.

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**Final message: Why are local employment initiatives important?** - They should enable unemployed persons and the socially excluded to play their roles effectively as required by an empowering approach to development. An empowering approach to development sees these people as key resources and partners; it taps into their knowledge, skills, vigilance, and deep motivation to move out of unemployment, poverty and social exclusion. Nobody has more at stake in employment and poverty reduction than the unemployed and the poor people themselves. The challenge is to remove obstacles from their way, invest in their assets and capability, and increase their access to opportunity (World Bank, 2004). Local initiatives and decentralisation of decision-making competence and responsibility serves to dismantle barriers to greater flexibility of labour market and labour force. These activities, like any policies can not be successful without action, commitment and engagement on the part of regional and local actors.
Bibliography


