



## Final Report

Evaluation of Local Socio-Economic Strategies  
in Disadvantaged Urban Areas



**Routes into Jobs  
and the Society**

## FINAL REPORT

### CONFIDENTIAL

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#### Project Co-ordinator

*Sabine Weck, Ralf Zimmer-Hegmann*

D

Institut für Landes- und Stadtentwicklungsforschung des Landes Nordrhein-Westfalen  
(Research Institute for Regional and Urban Development of the Federal State of North Rhine-Westphalia)

#### Partners

*Mike Raco, Ivan Turok, Keith Kintrea*

UK

University of Glasgow  
Department of Urban Studies

*Göran Cars, Jonas Hagetoft*

SE

Kungliga Tekniska Högskolan  
Department of Infrastructure and Planning

*Valeria Fascione, Giuseppe Leonello*

I

Fondazione IDIS - Istituto per la Diffusione e la Valorizzazione  
della Cultura Scientifica

*Maurice Blanc, David Chevalier, Annie Henrion*

F

Université Nancy 2 - Laboratoire de Sociologie du Travail et de  
l'Environnement Social

*Carlinde Adriaanse, Mascha Kunst*

NL

Universiteit van Amsterdam, IVAM Environmental Research

*Ton van der Pennen*

(External Advise)

Dutch Social and Cultural Planning Office

#### Associated Partners

Entwicklungsgesellschaft Duisburg-Marxloh

D

Govan Initiative Ltd.

UK

MKB Fastighets AB

SE

The City of Pomigliano D'Arco

I

Association Jeunes et Cité

F

The City of Leiden

NL

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## Map of the research institutes and the associated local partners

### Evaluation of Local Socio-Economic Strategies in Disadvantaged Urban Areas Partners and Associated Partners



#### Partners

- |                 |  |
|-----------------|--|
| Germany         | ● Institut für Landes- und Stadtentwicklungsforschung des Landes Nordrhein-Westfalen (ILS), Dortmund |
| France          | ● LASTES, Université Nancy 2   |
| United Kingdom  | ● Dept. of Urban Studies, University of Glasgow  |
| Italy           | ● Fondazione IDIS, Naples  |
| The Netherlands | ● IVAM, University of Amsterdam/ SCP, The Hague  |
| Sweden          | ● Royal Institute of Technology (KTH), Stockholm   |

#### Associated Partners

- |                                     |
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| ○ Entwicklungsgesellschaft Duisburg |
| ○ Assoc. Jeunes et Cité, Nancy      |
| ○ Govan Initiative Ltd., Glasgow    |
| ○ The City of Pomigliano D'Arco     |
| ○ The City of Leiden                |
| ○ MKB Fastighets AB, Malmö          |

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## Abstract

Local policy solutions to improve social and economic conditions in disadvantaged urban areas have emerged in different European Member States and in different economic and institutional contexts. The ELSESES study has focused on those programmes and projects which tackle the exclusion of disadvantaged communities primarily by means of generating and securing local employment, increasing income opportunities and reviving the social and economic fabric of distressed areas.

The research was driven by three main objectives:

- to analyse and evaluate the scope and impact of innovative local policy solutions in selected European urban regeneration areas,
- to understand how institutional and organisational structures condition the effects and impacts produced,
- to encourage the exchange of effective policy solutions across Europe.

Even though local socio-economic development strategies in distressed urban areas are still at an early, experimental stage of development across Europe, the empirical material suggests that they can make a useful contribution to improving the quality of life in these areas. Localised policy solutions are most effective when *properly planned to complement city-wide, regional and national policies*. Unless local approaches are complemented by targeting mainstream programmes they are likely to prove marginal to the main dimensions of problems in a local area.

The study shows that well-targeted and responsive local initiatives can produce useful gains on the back of modest inputs, they can be relatively free of rigid bureaucracy and be a source of innovation. It also finds that local initiatives are most effective if they can decide on their own priorities and are reinforced by wider policies. *Higher authorities should themselves seek to learn policy lessons themselves from successful local initiatives.*

There is an increasing tendency among European policy makers to define social and economic problems as being conjoined and therefore requiring interconnected policies. At the same time, the need for a comprehensive approach in neighbourhoods requires more plural institutional arrangements, involving the private and community sector as well as the public sector. Effective local policy solutions challenge horizontal and vertical power relations. There is a European-wide trend to devolve political responsibility in order to tackle socio-economic problems at the local level. However, the process of decentralisation of power and resources to the local level is uneven and, in most cases, there is some reluctance to relinquish power. *One of the preconditions for successful public development is the willingness of local authorities to devolve selected powers to the local level.*

The most successful local strategies in the range of our study have been those characterised by longevity, flexibility, networking abilities and an entrepreneurial attitude among managers and project staff. *Local strategies need to be allowed to be built up over time*, in order to learn to exclude less effective arrangements and measures, understand how the areas relate to wider urban and regional systems, establish trust among the local community and other key players in the local development process, gain leverage over mainstream programmes, and learn to target these resources effectively on local needs. *Monitoring and evaluation are essential tools for policy learning*, but *more interaction and collaboration is required between local development initiatives*, between cities, and between European Member States.





# Executive summary

## Design and Objectives of the Research Project

Area-based socio-economic development strategies are being pioneered in a range of European countries. The ELSSES Project has focused on local regeneration programmes which tackle the exclusion of disadvantaged communities primarily by means of generating and securing local sources of employment, increasing income opportunities and reviving the economic and social fabric of distressed areas.

The overall aim of this comparative study has been:

- to evaluate the scope and impact of local socio-economic development strategies in urban regeneration areas,
- to understand the processes and circumstances that condition their effectiveness, and
- to encourage innovation in the design of effective policy responses.

The research project has analysed the aims, objectives and implementation of innovative local policy responses in selected urban regeneration areas in six European countries according to a common methodology. Case study reports written over the last two years cover the local socio-economic development experience of:

Glasgow-Govan (UK), Leiden-Noord (NL), Malmö-Rosengård (S), Nancy-Provinces (F), Pomigliano d'Arco/Naples (I), and Duisburg-Marxloh (D).

This comparative perspective enabled the research to identify the ways in which different institutional and organisational structures and interrelationships condition the effectiveness of local economic development strategies in European cities. Thus, the project has been able to identify areas for improvement and to define effective policy solutions. A policy guide presenting some elements of good practice is the direct outcome of this work.<sup>1</sup>

The association of local practitioners and users has also enhanced the work of research partners. Associated partners have helped to collect information, interpret findings and validate judgements arising from the research.

## Wider lessons on the overall approach to local development

There is a range of social, economic and political factors which influence the scale and extent of local socio-economic initiatives across Europe (Parkinson, 1998). These include the performance of local and national economies, the nature of welfare state provision and the various political settlements that exist in different parts of the Union. Focusing more closely on the evolution in policy thinking around area-based policies over the last decades, and the state of local socio-economic strategies, there are a range of *commonalities*. There is a widespread view that social, economic and physical problems are interrelated in a spiral of decline and hence local development approaches which seek to halt or reverse area decline need to be comprehensive in scope. Truly comprehensive approaches, covering a broad field of activities, whereby social, economic and physical problems would be tackled simultaneously and in equal measure,

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<sup>1</sup> See: ELSSES Research Project: Good Practice Guide, March 2.000.

are promoted by the existence of national and regional programmes in some Member States.<sup>2</sup> The focus is on the stimulation of the local economy and the need to improve local access to jobs is gaining importance in a wide range of European countries. Notwithstanding this common trend, there are *differences* in the approaches towards local regeneration with differing policy objectives and values behind local development programmes.

Long standing local development companies, such as Govan Initiative in Glasgow, have learned to weed out less effective investments and organisational arrangements, while in some EU States approaches are still more experimental. There is a growing policy consensus that local approaches need to be developed in the intermediary sphere between the private sector, local authorities, local community and/or voluntary groups (see Geddes 1998). Within this convergence there are significant differences as regards the wider level of decentralisation of power, policies and resources and the roles, power and contribution of the various actors in the local development process.

#### *The values behind the local development process*

An analysis of the single area-based agencies and their overall objectives makes clear that there are *different values behind the local development process*. Some initiatives and/or projects place the needs of individuals or communities at the heart of their strategies and take these as starting points for project design (see e.g. Emergency Ward/SE, The Route/NL, Training for Domestic Jobs/F, Marxloh Start-up promotion/D). They have established client-centred approaches which focus on establishing routes into the labour market and social integration. Other projects have a more business-centred approach, working to expand the local business base. The local community is expected to benefit from spin-off effects (newly created jobs, higher demand for local services) or more pro-active measures are taken to make sure that the local workforce participates in the newly arising job opportunities (see e.g. Govan Initiative/UK).

*The expansion of the local economy, the improvements in quality of life for individuals, and the neighbourhood* form a mutually interdependent and complementary set of goals, the relative achievement of which is targeted to a different degree across the case studies. The Italian and the Scottish case studies reflect economic-oriented approaches, while in the others, particularly the Dutch case, economic development is primarily a means to contribute to the quality of life of individuals and at the neighbourhood level. Not all projects are designed to impact on all three dimensions. However, 'narrow' projects must be carefully co-ordinated with wider programmes operating inside and outside the area for ensuring overall effects in all dimensions. In disadvantaged places, economic development is not the goal in itself, but rather the extent to which it impacts on the quality of life of the local community. Adequate monitoring indicators need to reflect this.

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<sup>2</sup> Such as the Northrhine-Westphalian Programme for Urban Neighbourhoods with a Special Regeneration Need, or the recently introduced Federal-Länder-Programme 'Social city' in Germany, the successive Dutch national programmes aimed at integrated neighbourhood development), or the - more competitive - UK urban regeneration programmes.

### *Area definition, and the scale and character of areas*

Local action raises questions on the appropriate scale and character of areas for priority treatment. There is no reason from the empirical evidence for giving statistical, administrative or political considerations priority. Rather, the nature of the specific problems and potentials to be addressed and the principal objectives of policies pursued, should have a bigger influence on area designation. The size and internal composition of priority areas has an important effect on the kinds of policies pursued in each area. Empirical evidence from the case studies provides little evidence to favour an 'ideal size' or a certain internal composition of priority areas. In terms of economic development and the integration of the local labour force into the labour market, policies focused on residential areas need to be more outward-looking and sensitive to their wider urban systems than those in mixed-use areas. Small areas are ideal for mobilising community involvement, enhancing (downwards) accountability to communities, and making efforts more visible. However, they have little development potential in economic terms. Larger areas can usually build on some development potential in terms of economic stimulation, however, they generally fail to build on and enhance a sense of place and/or to fit with residents' ideas of neighbourhood. This dilemma can be softened by defining and mobilising natural communities or identities for projects of a primarily social nature and linking these to comprehensive and wider programmes within and beyond the targeted area.

### *Stigmatisation*

Stigmatisation is a relevant issue to consider when defining an area of intervention and a local development strategy. Local initiatives are essentially targeted on particular populations, or the problems of a particular area. Targeting channels resources to the most needy parts or groups. However, at the same time, its potential stigmatising effects on the targeted population groups and/or the area need to be taken account of in any local development strategy. Strictly targeted projects need to be balanced with more comprehensive neighbourhood development and wider local programmes, that benefit a 'social mix' of population groups. The reputation of an area is primarily a *social construct*. Politicians, the press, and even the local managers themselves need to be sensitive to that in order not to reproduce or consolidate stigmatisation. Physical upgrading measures (environmental improvements, housing schemes for middle-income households, start-up business centres, etc. ) can help to improve the image of an area, and, in residential areas, they may be essential for enabling sustainable economic and social development in the long run, but they are no simple solution to stigmatisation.

### *Problem diagnosis and initiative*

Local policies partly reflect economic and social circumstances in each area, but are also dependent on the way these problems are defined or interpreted by the key actors and institutions involved. There is much evidence for the effectiveness of projects that seek to address the immediate (daily life) needs of the population of the area, such as the Nancy-Provinces Domestic Jobs project, that allowed women working before informally in the caring or services sector to obtain professional certifications, or the Emergency Ward Project in Malmö-Rosengård, that matches - mostly unskilled - local unemployed residents to jobs. Local agencies can play a 'broker' role by promoting bottom-up initiatives, helping ideas from within the local community to be converted into projects and linking bottom-up initiatives to wider programmes and mainstream policies. A partnership approach is indispensable.

### *Strategic perspective*

The need for comprehensive and collaborative action at the neighbourhood level in order to make an impact on the daily life of residents in disadvantaged urban places is widely covered in academic policy literature. What has been less focused on, is the need for a more strategic approach. There are a range of quality criteria that characterise a strategic perspective: the responsiveness of a local approach to the local characteristics, the specific problems, potentials and needs; its responsiveness to opportunities and restrictions in the wider political and economic environment; and the logical sequencing of local action in order to bring about change.

A strategy is defined here as *an interactive process of discussion, negotiation, feedback and adaptation, in which a range of actors agree upon a commonly defined policy in order to pursue a vision and common goals*. The more open and inclusive such a strategy is, the more likely it is to be effective in meeting local needs, commanding commitment and resources and in reaching its goals. Strategic action implies a clear understanding of the wider context in which the local initiative is situated in terms of its responsibilities, and its compatibility with, policies and guidelines at higher levels. It is important for local policies to have some *influence over broader social and economic policies and programmes* since they are unlikely to succeed on their own (Geddes 1998). In some case study areas, local programmes are not well integrated with wider objectives and strategies. Pursued in isolation from national/regional policies, local policies are most likely adding something rather modest in terms of economic and social change. On the other hand, strategic action also implies a *clear understanding of wider processes within a regional economic context*, i.e. opportunities and restrictions in the labour market, the housing market, the traffic system, and so on. Careful analysis of the links with wider urban and regional environments has been given little attention in some of the case study areas. Strategic action also relates to a wider understanding on the level of city and national authorities about the *role, relevance and the limits of local action*.

Strategic approaches are *pro-actively creating structures and opportunities* for achieving their goals rather than being driven by the external environment. Obviously, personal leadership, local knowledge and the commitment and experience of staff are factors influencing local strategic capacity. Across the case studies Govan Initiative and MKB Fastighets AB Malmö show the greatest awareness of strategic issues. The strength of their respective approaches have resulted from the accumulation of local knowledge over a relatively long period of time; charismatic and flexible leadership; networking abilities; and an entrepreneurial attitude within the organisations. A consequence arising from this is that local strategic capacity needs to be accumulated over time. This process will usually take more than 5 years (and thus goes well beyond normal funding arrangements). The development of strategic capacity is enhanced by long-term approaches to local development, the scope given to local actors to develop their own priorities and design their own projects accordingly and the flexibility, innovativeness and openness of the local institutional setting.

### *Relevance and limits of local action*

The extent to which the scope and scale of measures and approaches adopted at the local level are sufficient to tackle the main dimensions of the problems they are seeking to address is another key dimension in evaluating the effectiveness of local initiatives. The issue of scale raises the question over whether the neighbourhood level is an appropriate level for intervention at all. Preventive policies, social systems and urban/national social integration policies have a large influence on social inclusion/exclusion processes at the neighbourhood level. The study shows that even though local socio-economic initiatives are still at an early, experimental stage of development across Europe, there is good reason to think they can make a useful contribution to improving the quality of life in disadvantaged places. The value of local initiatives lies in their responsiveness to locally identified problems; their flexibility and innovativeness in targeting specific local constraints and potentials; and their ability to bring in additional resources; and their competence to devise holistic (local) responses. Flexibility and innovation need to be supported through a range of incentives and co-operational arrangements between local agencies and their supporting and sponsoring institutions. There is reason to believe that this relationship needs to be based on monitoring and controlling rather than rigid top-down bureaucracy. Some projects are hampered by their limited remit or institutional settings. A better approach would be for local projects to be able to identify their own priorities and to be complemented by reinforcing action from the city or regional level. Local actors should be accountable in their priority setting to local stakeholders rather than wider administrative and political hierarchies.

### *Keeping local initiatives flexible and open*

*Evaluation and monitoring practices* vary widely across the research areas. Evaluation and monitoring can be used as a tool to make organisations accountable to citizens (EC Means/1, 45) and as a means for developing collective forms of problem analysis and policy development (van der Pennen 1999). Summarising the experiences from the research areas, there are often shortcomings in the monitoring and evaluation of policy results and effects. Monitoring and evaluation can enhance policy learning and policy re-orientation in order to support local needs more effectively. The assessments of local residents are crucial in measuring effectiveness and reviewing policies, as they can draw upon a combination of internal and external evaluation, quantitative and qualitative methods. Follow-up evaluations have to be included in local development strategies and local programmes. Procedures are weakly developed in most projects. In some, there is no plan for evaluations at all. Specific instructions for evaluation when formulating the objectives, need to be included.

A *culture promoting learning* from failure, as well as the from best practice, supports innovativeness and effectiveness in local initiatives. Senior staff have a crucial role to play in keeping initiatives entrepreneurial, pro-active and creative. The term 'social/civic' entrepreneur has been coined to describe the leaders of local development organisations. An established learning culture within local initiatives promotes the reformulation of work methods, goals and priorities according to changing social realities, local needs and problems. Regional and national authorities have a role to play in the establishment of structures that promote interaction and collaboration between local development initiatives, and enhance the transfer of practical experience and learning.

There are few grounds for favouring *core funding or competitive funding* on the basis of our empirical evidence. Rather the challenge lies in building into each of the funding models new features that promote the positive elements. The positive elements of

'competitive funding' lies in the innovativity, flexibility and creativity it promotes. The values of core funding lie in the interest to share information, continuity and long-term commitment as regards core activities.

#### *Steering institutional approaches to local development*

One of the lessons emerging from the research is that adequate insight into local problems and potentials and solid knowledge about needs should be developed first, before deciding on and establishing the institutional structures for policy delivery. Policy makers should look at the main issues that have to be solved and to the extent to which different actors can assist. Depending on the local context, public authorities, the voluntary sector or local community groups, and social partners (employers, trade unions) can contribute in different degrees to improving the quality of life for residents in disadvantaged places. Public authorities should not seek to address problems alone but should play a mediating role, enabling the support of other local actors drawn from private and voluntary sectors in policy-making processes. There is an important role in moderating the negotiation process, bringing in other resources, and steering the overall process. A primarily catalytic or brokering role for local state actors in co-operation with its partner agencies may be effective. However, this depends on the local context where state actors may also have to build capacities and engage directly in a wide range of service delivery (see Turok 1998).

#### *Urban coherence and local power*

Local action is no substitute for social policy and concerted economic management. Locally based approaches can make a difference, but mainstream programmes make a greater one on the overall quality of life of individuals. While the UK has taken a lead in area based regeneration schemes, it is also true that the extent and provision of the welfare state in other countries has influenced the nature of problems and the local need for action (see Parkinson 1998).

Are local strategies contributing to the overall coherence of the urban structure or are they reflecting and reproducing local parochialism? Decentralisation of power, and the shift to more pluralistic institutional arrangements, such as area-based partnerships and arms-lengths community based initiatives promotes local development, but need not be achieved at the expense of overall urban coherence. There is a danger that strong local initiatives, especially in the context of competitive bidding for funding, for example, concentrate on most employable groups among the local population in order to achieve more widely defined output figures. Competitive local action also may trigger displacement effects, or zero-sum games within the urban structure. There is a need for carefully embedding local actions into coherent development concepts at the urban and regional level, in general, and the local level in particular, in order to make sure that local actions do not (re)produce new socio-spatial imbalances.

#### *Distribution of power, decentralisation, partnerships and participation*

The need for a comprehensive approach in neighbourhood development requires more plural institutional arrangements. All the case studies exhibit some degree of partnership working in decision making and implementation although the nature of these partnerships varies widely. Common *constraints* on partnership working include departmentalism within local authorities; differences in objectives and priorities between local, national or regional authorities; uneven power and responsibility among partners; lack of trust and only superficial interaction, and conflicting logics.

The case studies demonstrated that partnerships and long-term relationship building are critically important to the development of effective local policies. Partnerships seek to bring together and co-ordinate the specific knowledge, resources and commitment from the public, private and civic sector at the local, city-wide or regional level. They add value to the input and scope of each individual partner (agency) and promote synergies in the process. Partnership structures allow for a more comprehensive view on, and more comprehensive policy answers to, local problems, needs and potentials. Partnership mechanisms raise wider questions about the *power relations* between the public sector, the private and the civic sector. They challenge traditional local institutional relationships and roles, horizontally as well as vertically.

The distribution of power between institutions at different levels and with different responsibilities affects the extent and nature of policy co-ordination and integration. This raises several issues for consideration, including the adequacy of powers and resources devolved to the local level and the extent to which residential and business communities are involved alongside local state institutions. Overall the case studies show that there has been some *decentralisation of responsibility* for economic development and area regeneration to the local level in all countries. However the extent to which real power and resources have been decentralised has been much more limited. Central or regional governments retain considerable control over resources and are reluctant to 'let go'. This sets limits on the scale and scope of local action.

All the areas have encountered *difficulties in empowering the community sector*. The general pattern is of limited devolution of decision-making powers to community organisations. Involving the private sector has proved just as difficult. Above all those states with a traditional strong role of the state and/or highly centralised political cultures (France, Germany, Italy) are developing inclusive partnerships more slowly than is the case in other states.

Effective projects in Nancy-Provinces and Leiden-Noord combine institutional partnerships with some form of *users' participation*. Empowerment is a long process which requires mediation. Although it may appear contradictory in terms, there is room for an 'emancipatory support' towards marginalised groups searching for their routes into jobs and the society.

## **Policy results and implications in a range of measures promoting routes into jobs and the society**

Beyond these wider lessons regarding the overall approach to local development, the comparative view allows for a range of immediate lessons deriving from practice.

### *Job search and placement schemes*

Traditional policies to counter unemployment, namely to provide labour market information and training opportunities, do not always ensure that the unemployed in disadvantaged urban areas will gain access to work. The more ambitious projects focus on the individuals' needs and not simply job requirements. They encompass different elements: going beyond intensive employment guidance and counselling by focusing on personal development aspects and the provision of work experience.

A further distinction can be made as regards the focus on individuals or jobs. Job search and placement schemes will most often benefit the most highly skilled and employable

local residents, although the Malmö-Rosengård Job Emergency Ward Project shows that this type of project can also benefit the low-skilled among the unemployed. These types of projects - if not designed to be holistic and client-oriented like The Route Project in Leiden-Noord - need to be linked to more comprehensive programmes of action inside and outside the area. Empirical evidence shows that the matching process is not a 'technical' problem, but also that the unemployed are often in need of assistance and support to 'fill' vacant slots. As regards the effectiveness of job search and placement schemes in most cases the relationships between clients and employment agencies needed greater clarification and redefinition.

### *Subsidised labour and social economy projects*

Subsidised labour projects in the case study areas are combining professional skills and training on the job with personal development elements, qualifications, social skills learning and confidence building. The nature, objectives and effects of subsidised labour schemes are influenced by a variety of factors: the distance between subsidised labour income and welfare benefits; the degree to which these activities are kept out of the market, or are embedded into local projects to enhance and support formal labour market activities - building bridges with regular private enterprises; and the way national policies deal with the fact that, despite their temporary character, subsidised jobs tend to become permanent in an environment characterised by long-term structural unemployment, as well as the potentials to create a 'social added value', especially through promoting voluntary work.

We see two different, overlapping, types of subsidised work schemes in the research areas: (i) *Neighbourhood based subsidised labour schemes* provide attractive opportunities to give unemployed a stake in their own community and in the local labour market. They develop a range of creative projects with a high social surplus value in certain neighbourhoods. Relevant factors for the outcomes of such projects lie in the origin of ideas from within the local community; the flexibility of rigid (centralised) regulations; the links between such projects and local social capital; and measures to make sure that projects do not become fragile and marginalised from mainstream policies and networks. Clear choices and priorities have to be made over the extent to which social development, labour market integration or economic development become the central priority with the projects. (ii) *Third sectors projects* that may be (partially) financed on a commercial basis tend not to work on a neighbourhood bases, but rather on a city-wide base or beyond. Evidence shows that such projects have the following outcomes: flexibility in the official regulations especially as regards recruitment processes and funding arrangements; careful analysis before setting up the initiative in order to avoid competition with market companies; and strong comprehensive networks that involve a broad range of organisations, including market businesses.

While work experience through subsidised jobs is providing positive results for some individuals they may also create dilemmas from a wider perspective by raising the danger of distorted competition, and high public spending. We shall not argue here against these. There are a range of studies that show the *high social added value* of such schemes. When unemployment is structural and widespread as in traditional industrial areas all over Europe, subsidised jobs - or jobs created in the social economy - may be the only realistic alternative for low skilled and long-term unemployed. In order to prevent the system reaching breaking point and preventing newcomers from obtaining subsidised employment *a system of incentives and guarantees that allow for increased individual flexibility* need to be established relating to different stages of the life cycle.

More attention has been given in recent years to the *potentials of the social economy*. Social enterprises can contribute to the provision of collective goods and services and



stimulate new forms of entrepreneurship, as well as offering routes into work and society for marginalised people. The case studies demonstrate that third sector projects can play an important role in revitalising strategies but only in parallel to the provision of job opportunities and improvements in the quality of life in urban areas. However, problems with third sector employment must also be recognised and understood. A careful analysis of the private market and its potentials must precede decisions to start up third sector activities, in order to avoid interference with regular jobs, or distort competition.

*Future policies to support this sector* must address their financial and legal status, tax regulations and support for new types of ‘social entrepreneur’. Initiatives must define the specific role of the third sector between a secondary labour market and the regular labour market, between state subsidies and self subsistence. The local emphasis is of significance for tailor-made projects to address local needs and add value to the existing local social capital. As regards subsidised work schemes and social economy projects, the study suggests that funding for these projects – be they private, public, or in-between – should not be provided automatically, but only after an assessment of their specific contribution to improvements in the quality of life at an individual and neighbourhood level.

One of the major challenges across European countries relates to *job creation for low-qualified people* and/or those with multiple handicaps in the labour market. Work, and access to qualifications and training, is one of the major – although not the only – factors promoting social inclusion. There are different ways in which European Union Member States address the issue (see Esping-Andersson 1996). One model is based on wage deregulation, and lower relative wage costs, that are believed to increase demand for labour particularly in the service sector. Unemployment rates are lowered, often at the expense of increased social polarisation. The Scandinavian model of retraining and public employment schemes tends to go along with higher public sector spending and/or tax increases. Against these alternatives, more and more attention is given to the potentials of the social economy, or in general the potential of the third sector (see Borzaga in EC/EF 1999); the relevance of local and regional factors for job creation (see EC 1995, 1998); especially in demand and offer of services, ‘social investment’ into human resources at different stages of the life cycle of citizens (Esping-Andersson 1996, 260); and ‘lifelong learning’ as a way to promote job creation and social equality. Enhancing individual flexibility and preventing ‘life cycle traps’ is cost-effective in the long run, in avoiding growing social inequalities and raising the overall competitiveness of the European economy. There is a requirement to increase the flexibility of European citizens to enable persons to voluntarily change careers and to allow for the succession of periods of time in education, voluntary work, regular labour market occupation, and retraining. There should be a system of supportive conditions and incentives that allow for individual flexibility. On the other hand there should also be a ‘system of guarantees’ that enables people to change, leave and re-enter different activities, and protects them against the risks and disadvantages connected to socio-economic change in most of European societies today. The Dutch ‘social activation model’ is interesting in this context as it is offering several footholds for individuals to get involved in societal activity and recognises variable individual starting points and needs.

#### *Encourage adaptability of established businesses and promote business start-ups*

Agencies must be very careful when deciding how to allocate their resources. Two criteria can initially guide an agency; first the plausibility that a chosen company will grow and contribute to local economic growth; and second that the company will generate new employment. Empirical material suggests, that it is *smaller and younger firms* which show the most (employment and turnover) growth potential, and tend to be

those which show the greatest additional returns from external assistance. The development of an appropriate strategy makes it possible to avoid or minimise dead weight spending. The *forms of support and the types of firms targeted* are central to the impact on local employment. Growth companies should be defined not only in terms of increases in turnover, but also over issues such as job creation, product/process development or exporting.

Agencies will often need to choose between a *volume-driven approach and a more selective approach*. Volume-driven approaches lead to large numbers of very small (micro-)enterprises, but many of them fail to grow or generate sustainable employment. More selective approaches seek out individuals with the ambition and capacity to start-up and continue to develop a growing enterprise. There is a tendency for selective approaches to become more common as they are more effective in generating employment over a longer time perspective.

The establishment of networks and partnerships with private companies and actors are highly important factors in the success, or otherwise, of business development programmes. Generally, public agencies need to develop competence to give advice and support to new entrepreneurs. This can be done through public-private partnerships, where the competence in the business community is used to provide the necessary knowledge and support to new entrepreneurs. Another method is to develop the internal skills of business advisors. Evidence from Govan shows that the latter can be a fruitful way to deal with local economic development.

A number of *tools* are available to support start-up and established businesses. Advice and information, or more intense business counselling and guidance to meet the special needs of (potential) entrepreneurs are a common feature in all areas. Tailor-made financial instruments and support, though highly important for potential starters and young companies, were often underdeveloped in the local development strategy. None of the projects studied had a well-developed marketing strategy to strengthen the neighbourhoods' position in the urban context, although this was felt to be an essential part of local approaches by local practitioners. Evidence from all research areas shows that long-term relationship building is one of the most efficient ways of using funding. This includes establishing networks with a large number of actors of importance for new entrepreneurs or bringing together actors to pursue common objectives and/or developing a common vision for the future of an area.

In the evaluation of the initiatives, it has been recognised that counteracting effects can be avoided by a strategic orientation, while lack of strategy provides uncertainty about the real effects of the initiative. An important part of a strategy is the *integration of projects in a wider context*. Strategies will have to include a wide range of activities to reach overall aims. The balance between supply-oriented actions (human resource development, training etc.) and demand-oriented actions (business development, infrastructure investments etc.) has to be carefully considered. The existence of business support activities has to be complemented by human resource development, work-skill training and job delivery services. It is also necessary to develop property, work against crime and develop infrastructure to make the local area attractive for new and established businesses. Property development also opens possibilities for agencies to decrease dependency on public funding and become financially stable.

## Policy recommendations to the European Commission

Community support for local strategies often plays *a pioneering role* across the Member States. It is primarily the national and local governments that have a critical role in developing national or local regeneration programmes. Notwithstanding, the role of the European Commission is vital in developing and disseminating information on good practice in regional or local programmes; encouraging, through direct or indirect support, cultures of partnership, participation, mutual learning and evaluation; and playing *a demonstrative role* in supporting local experimental projects. ERDF and ESF funds, the Community URBAN Initiative and experimental pilot projects are the main direct vehicles of the Commission influencing local development strategies. European credit programmes, Commission Communications, studies, databases and evaluations available at Community level, are also (positively) influencing the design and content of local and regional initiatives.

This study has brought forward a range of conclusions as regards *factors influencing the effectiveness of local development strategies*. Empirical evidence points to the need for local actors to be given the scope to determine their own policies and procedures. There is a role for the Commission to support, directly or indirectly, decisions about the content and structure of services are decentralised. Overly rigid bureaucratic obstacles are hindering local policies make use of their specific assets that lie in their flexibility and responsiveness to local needs, and their capacity to capitalise on local potentials. Flexible funding is important for genuine policy improvements and the design and testing of new initiatives. Long-term perspectives and wider horizons need to be encouraged. Agencies and partners should seek to develop more sophisticated ways of setting priorities and allocating resources, based on greater dialogue and negotiation. This should allow regeneration measures to evolve and develop local strategic capacity over time.

Local development strategies cannot treat their neighbourhoods as islands isolated from their city and regional context. It is particularly important to *relate the areas to wider urban and regional systems, the labour and housing markets and transport links*. They also need to be alert to the opportunities presented by new investment (major housing schemes, centres of employment growth) elsewhere. There is a role for the European Commission to encourage local strategies to be carefully linked and properly integrated into EU-funded regional programmes. Some Member States have introduced a local targeting component to the structural funds. These experiences, as well as those gained in pilot projects supported by Community Funds (Art. 6 ESF; Art.10 ERDF) need to be carefully analysed. There might be potential in promoting the setting up of targeted development clusters for start-ups in the regular market and social economy projects within wider structural policies.

The study has demonstrated that the ‘pillars’ of the European Employment Strategy - *employability, entrepreneurship, adaptability and equal opportunities* - can be efficiently promoted on the local level. There is a role for the European Commission to continue he support for local development and employment initiatives.<sup>3</sup> Decentralising powers to the local level allows key actors to develop strategies adapted to the cultural and local context; design tailor-made labour market policies which may equip the local workforce with skills they need now and in the future; identify new opportunities for entrepreneurs, be it in the social or the market economy; and pro-actively support start-up businesses. City/Regional authorities need to learn policy lessons themselves from successful local initiatives for wider generalisation and application in mainstream programmes. Local initiatives provide a useful testing ground for promoting employment-led growth in the

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<sup>3</sup> see COM(95)273 of 13 June 1995 (EC 1995), and SEC (98)25 of January 1998 (EC 1998)

environmental and social services sphere and their experiences need to be carefully analysed at Community level.

There is scope for a more *interaction and collaboration* between local development initiatives, and cities and Member States. Much can be gained from the transfer of practical experiences. National and European organisations have particular responsibilities to support such networks, to share good practice and knowledge at different levels. The role of the European Commission is to contribute to the transfer of knowledge and the ‘mainstreaming’ of successful practices by identifying and pooling good practice, carrying out benchmarking, and spreading innovative ideas and effective practices.

### **Further Research**

There is a need for more research and a more detailed understanding *how jobs are created and maintained in the social economy sector*. Job creation in the social economy/third sector is an alternative route, contributing to the sustainability of the European social model, against increasing wage and labour market deregulation. More research is needed in order to come to assess the potentials of the third sector for job creation and to understand the specific characteristics and potentials of the social economy. It must also examine the ways in which different national regulations (partnerships with trade unions and local representatives, support by ‘mentor’ organisations to the often small-scale projects; legal and tax regulations, funding arrangements of those third sector organisations) are hampering or promoting the creation and sustainability of new jobs.

Another theme relates to *adequate indicator and monitoring systems* for reflecting the achievements/failures of local development companies. There is often pressure to present short term tangible results which emphasise quantitative evaluation methods. However, internal and external perspectives should be combined, quantitative and qualitative approaches interlinked. Adequate monitoring indicators need to reflect the impacts of policy programmes on different levels, such as labour market and social integration effects on the individual level, impacts on the quality of life in neighbourhoods, and the benefits for the local community through local economic development.

# Summary of the Case Study Report Results

This summary provides a brief presentation on the measures evaluated, the results and effects identified in the national case study reports, and the overall approach and can be used as reference when reading the chapters of the report.

## Pomigliano d'Arco

### The overall approach

The main steering actor are the local and regional public actors. While all projects were designed and implemented separately, it is possible to identify links between them. The Territorial Employment Pact integrates and expands the objectives and opportunities deriving from the national 488 law. The local C.I.C.O initiative represents the concrete link. In a similar way, the Territorial Employment Pact reinforces and completes the efforts of Informagiovani Centre.

### The measures

#### Law 488/92 and its application at local level

*Emphasis of the policy:* Business development: Financial incentives to the firm' investments in the Italian territories under Ob.1, 2 and 5.b of EU

*Study size:* Subsidised investment projects (about 40 per year) in the Territorial Employment Pact area

*Organisational characteristics:* The C.I.C.O initiative plays an important role as public supporter to the local firms.

*Results:* More than 670 millions Euro of new investments, 2.000 new labour units

*Main effects* of this incentive policy in the area of investment and income at level of single firm, product and process innovations linked to investment. Employment effects of the incentive policy only secondary

*Elements influencing success:* C.I.C.O. initiative promoted by the local Administration as a local answer to this national policy has been very effective as a supporter to local firms

*Open questions:* Policy favours investment decisions for firms already competitive on markets with little regard of their local embeddedness; for less competitive firms a different policy is necessary

#### Centro Informagiovani – Information Centre for Young People

*Emphasis of the policy:* Human resource development: A local service offering information and advises to young people on academic and professional education, job opportunities and start-up businesses

*Study size:* 600 contacts in 1997 for a wide range of requests

*Organisational characteristics:* Partnership with the Centre for Young Entrepreneurs

*Results:* 15 and 20 daily visits on the average; 61% of users, both male and female, are aged between 18 and 25, Projects and activities which have been promoted and actually set up: Assisted loans (10), Assisted loans still in evaluating step (3), Winners of national competitions (15), Work grants promoted by the centre (20), Winners of places on masters courses (2)

*Main effects:* positive, but indirect, impact on the area: positive effect on the quality of life as well as on the supply of real services at the community' disposal. Successful entrepreneurs however tend to move away so that the individual success of young entrepreneurs is not contributing to the local economy.

*Elements influencing success:* the positive elements underlying the activity of the Informagiovani Centre are based on its actual capability to operate with the users' best interests at heart and to carry out measures characterised by efficiency, up-to-dateness and ease of access.

*Open questions:* Area still has a relative low capacity to realise new job opportunities

#### Territorial Employment Pact „Area Nord-Est di Napoli“

*Emphasis of the policy:* Business, human resource and infrastructural development: An area based integrated approach in favour of employment and socio-economic improvement

*Study size:* 9 municipalities involved for a total of 45 partners and 26,7 MECU of investments to be completed by 2001

*Organisational characteristics:* Horizontal integration between a wide range of public and non-public partners; a policy measure combining supply and demand side strategies

*Results and main effects.* The implementation phase is about to begin, so that there can only be an ex-ante estimation of the results and impacts: The overall increase on employment is estimated to be about 648 new workers, which are generated by an amount of expected investment of about 145,7 millions of ECU. The total firms supported in the area are estimated to be 782. As regards the process level, a substantial (horizontal) integration between partners has been reached.

*Elements influencing success:* new model of growth based on a greater decentralisation of the public power, a special dynamism of the local community and an active participation of the local business classes and citizens. The concrete performing of this partnership corresponds to the core aspect of the programme, which appears very sensitive to the fluency and the efficiency of a such a wide and articulated process.

*Open questions:* the long time spent in the decision-making process; organisation of a so large partnership stresses the necessity of an efficient co-ordination.

### **The overall approach**

The main steering actors are different for the range of projects developed in Nancy-Provinces. The most striking feature of two of the projects is their bottom-up development. Training for Domestic Jobs and City Fashion are grass-roots initiatives designed according to the specific needs of local community members. The Atribus project has been developed in a partnership approach.

### **The measures**

#### **The Atribus (Bus stop shelter) project**

*Emphasis of the measure:* Human resource development: 9 months work experience and training for local young unemployed in charge of Bus Stop Shelter decoration.

*Study size:* 9 young persons

*Organisational characteristics:* Partnership between market, public and social actors, i.e. a private companies in charge of public transportation and bus stop shelter maintenance, a social and youth worker organisation and local government at municipal and city wide levels.

*Results:* Acquisition of social skills through participation in a collective action. In terms of labour market integration no positive results at the immediate end of the project.. Follow-up coaching of the social and youth worker organisation lead to the majority of the group obtaining a driver licence and a job, either subsidised or regular, after one year. 18 months after the end of the project, no shelter was vandalised.

*Effects* on the neighbourhood level in terms of environmental improvements, and no vandalism. Benefits on the individual level in terms of increased self-esteem and social skills.

*Elements influencing success:* The fact that no participant was able to get his/her driving licence at the end of the training was an obstacle for a quick professional integration. Follow-up coaching was successfully provided to overcome this obstacle.

*Open questions:* The Public Transport Company is reluctant to enter new projects targeting « hard-core » young people.

### **Training for domestic jobs**

*Emphasis of the measure:* Human resource development: 6 months vocational training for women working informally in the caring sector.

*Study size:* 12 women

*Organisational characteristics:* Grass-roots initiative

*Results:* Every participant got a first certification in caring and a work contract (1 full-time, 4 half-time, 7 part-time).

*Effects:* Effects mainly on the individual level of participants in terms of access to a (broadened range of) jobs, income and qualification. Women working informally before in the caring sector have got access to more stable and regular jobs.

*Elements influencing success:* The project is based on and designed according to the specific needs of local women.

*Open questions:* Women who are now pleased with a part-time job might look for a full-time job later on.

### **City Fashion**

*Emphasis of the measure:* Human resource development: Creation of cultural events in the neighbourhood, providing training project for any young girl from the area.

*Study size:* 15 participants on the average, most of them of North African origin.

*Organisational characteristics:* Grass-roots initiative

*Results:* Professional integration on the long term for a few participants; some start a (fragile) free-lance career in the cultural and artistic field, a very few (1-2 persons) get integrated in regular artistic jobs., others in office jobs.

*Effects:* Effects on the neighbourhood level in terms of a more positive image (through cultural events) and on the individual level in terms of increased social and professional skills. Those starting a professional career in the artistic field mostly left the area.

*Elements influencing success:* The project is based on and designed according to the specific needs of local young people (mainly women).

*Open questions:* The project is fragile for being dependent on (fluctuating) workshop leaders.

**Overall approach:** Evaluated projects in Glasgow-Govan are carried out by a local regeneration agency, named Govan Initiative, which was created in 1986. Govan Initiative is a free-standing company involved in the economic regeneration of the Govan area. Evaluation has focused on three interrelated project elements, which have sought to expand the local economic base and increased levels of economic activity and employment.

### **The measures**

#### **Small business support measures**

*Emphasis of the project:* To boost the competitiveness of local firms and to generate local employment and socio-economic revitalisation  
*Study size:* 90 targeted, successful, growing local businesses

*Organisational characteristics:* Eight business advisors who help local companies to start up and grow: Besides 'Aftercare' and general business advice for established companies, three business advisors have developed long term relationships with about 90 targeted local companies aimed at converting their growth potential in to reality.

*Results:* Most firms have found their advice useful, practical and to some degree relevant to their activities.

*Effects:* Survey evidence shows a limited direct impact on employment, although support can help to safeguard existing jobs as well as create new ones. Smaller, younger firms were particularly positive about the impact that the advisors had had on their competitiveness and their prospects for future growth.

*Elements influencing success:* In working relationships with other agencies to deliver programmes (in particular GDA) partly tensions still exist. Selection mechanisms for the targeted local companies, that is, forms of support and the types of firms targeted, are central to the impact on local employment.

*Open questions:* Some firms with low employment potential were uncovered in the survey. For well-established companies the PBAs have had limited success and/or impact and their resources could be more effectively targeted to those more receptive to (and in greater need of) their advice.

#### **Human resource development initiatives**

*Emphasis of the project:* Training projects for local unemployed; schemes to boost internal skills capacities of small businesses

*Study size:* 90 targeted, successful growing local businesses; and variety of schemes with approximately 2,000 participants in 1997/98

*Organisational characteristics:* Link between job creation and local employment: Contractual agreement that local enterprises receiving financial assistance must give local individuals the opportunity to be interviewed.

*Results:* For the Flexible Learning Centre, over the period 1994-98 in total 1077 individuals had gained skills and vocational qualifications, 385 had undertaken courses which had added to existing qualifications, 199 had taken up opportunities in further education and training courses and 174 had progressed into employment. In 1997, a total of 637 individuals accessed employment through Govan Initiative's Human Resource Development programme. Of these approximately 220 were Govan residents, 300 were recent redundancies from Govan firms. Approximately 130 of these were long term unemployed (over six months).

*Effects:* Unemployment in Govan used to be in 1988 much higher than in Glasgow City (26.2% as compared to 19.9%). In 1998, it is almost halved (13.3% as compared to 10.4%) and there is significant narrowing of the gap. Presumably, Govan Initiative training and vocational programmes played a part in this process but their impact cannot be precisely measured. Attempts to train local unemployed for local job vacancies show less effects; local employers turned to Govan Initiative only when they required part time, or low skilled, low paid staff.

*Elements influencing success:* Poor reputation of the local work force amongst employers; partly tensions with other agencies (such as local employment services).

#### **Property development and economic growth**

*Emphasis of the project:* To encourage new forms of inward investment; enable existing firms to expand; increase the number of employers operating in Glasgow

*Study size:* 3 Govan Initiative owned industrial property estates; assistance to 40 small businesses with property related issues; involvement in 2 major property development partnerships.

*Organisational characteristics:* Co-operation with a number of partner agencies to deliver its property and environmental improvements programmes

*Results:* Steadily increasing numbers of property enquiries from interested clients (360 in 1998); Govan Initiative played a contingent role in bringing up 42 companies to the area between 1996-1998. Direct provision of properties and office space to existing companies: 1) Festival Business Centre: 29 units of varying sizes, total floorspace of 6,529 square meters. These are occupied by 13 private sector companies, 4 non-profit making organisations, 2 public sector tenants and 6 separate branches of Govan Initiative (as of October 1998). But only two of the 13 tenant firms are start-up businesses. 2) Moorpark Industrial Estate comprises of 10 property units, primarily for industrial forms of use.

*Effects:* Change in the perceived and actual environmental quality and image', concrete symbol of regeneration to instil confidence in the private sector to invest in the area; independent income stream for Govan Initiative

*Elements influencing success:* Proactive entrepreneurial role of Govan Initiative

*Open questions:* Low provision of office space to start-up companies

### **The overall approach**

The main steering actors in Leiden-Noord are different for each of the selected projects. The three selected projects are representative of the national state of the art in the sense that they give shape to the philosophy and assumptions of policy interventions aimed at combating socio-economic problems in neighbourhoods: an integral and neighbourhood oriented approach, decentralisation and deregulation, an important role for municipalities and the involvement of citizens in the execution of policy activities.

Compared to 'The Route' and 'The Community Labour Company' DZB Leiden is more than a project. It is one of the (structural) Departments of the City of Leiden. Against the background of a booming economy, projects selected are dealing with an increasingly difficult hard core of clients, with low skills, a lack of work experience and/or social problems which inhibit the take up of employment.

### **The measures**

#### **The Route**

*Emphasis of the measure:* Human resource development: Individual job-placement project in which people are mediated towards a job (regular, subsidised or voluntary) or education.

*Study size:* There are two agencies in Leiden-Noord with an inflow of  $\pm 40$  persons and an outflow of  $\pm 20$  persons per agency on a yearly basis.

*Organisational characteristics:* The neighbourhood approach plays an important role in the project design and implementation. The creation of 'The Route' is based on the agreement between municipality and organisations in the field of welfare that difficult employable groups need to be offered a more intensive person-centred approach to employment advice and guidance.

*Results:* The Route amply realises its quantified tasks regarding inflow number and characteristics and outflow figures. In 1997, about half of the Route clients ended up with a job. The project is characterised by a favourable cost-effectiveness relation.

*Effects:* As intended, The Route does especially benefit individuals with a weak socio-economic situation and shows effects mainly in the field of jobs: mediation of individuals towards paid, subsidised and voluntary jobs. Mediation towards paid and subsidised jobs leads to increased income of clients. To a lesser extent there are effects in the field of skills and capacity, and quality of life in the neighbourhood.

*Elements influencing success:* Client-oriented long-term approach, clear targets and political support. As factors influencing failure above all the co-operations with other local agencies have been stated.

*Open questions:* In Leiden, the Job Centre would like to see the Route social workers coaching their clients up to the point that they are able to take some initiatives and then passing them on for the job search. But taking into account the person in a holistic approach does not allow such a division of work among institutions.

#### **The Community Labour Company**

*Emphasis of the measure:* Human resource development, Neighbourhood development, Social economy

*Study size:* Neighbourhood maintenance business located in Leiden-Noord

*Organisational characteristics:* A comprehensive network on the neighbourhood level. Partnerships with local government and firms. Products are delivered by a print-shop, two second-hand jobs a transport company and a maintenance service.

*Results:* The project provides  $\pm 35$  people per year ( $\pm 65$  including persons working on a more incidental basis) with a job or useful pastime and meanwhile offers the community certain services (contacts with  $\pm 200$  clients/customers per week).

*Effects:* The Community Labour Company produces its main effects in the field of (stimulation, development and maintenance) of jobs and in the field of quality of life in the neighbourhood. On the individual level, in terms of increased chances for local residents suffering from many handicaps. In parallel, certain services answering unmet needs are provided (cheaply) to groups and organisations in the neighbourhood, also increasing the physical attractiveness of the neighbourhood.

*Elements influencing success:* good reputation, creative character, dedication and satisfaction of employees as positive factors; too strong welfare emphasis in the work, little support of local government and other organisations (such as Leiden Welfare Organisation), dependency on Co-ordinator, complicated regulations and little recognition as negative factors.

#### **DZB Leiden**

*Emphasis of the measure:* Business development, Human resource development, Social economy

*Study size:* A market oriented sheltered workshop and counter for different regulations in the field of subsidised labour functioning on the city-wide and even regional level through which in total about 1500 persons are employed

*Organisational characteristics:* DZB Leiden is a department of the local government of Leiden. In its organisation, three divisions can be distinguished: a learning for work division, a service/maintenance division and an industrial division. Every division has its own production units. Its market activities are accommodated in a private limited company, set up in 1996. Compared to the two previous projects, DZB Leiden is characterised by a more market-oriented method and it is the least orientated one towards the research area Leiden-Noord.. Among the three projects under study it is also the most 'vertically integrated' project.

*Results:* Of the three projects under study, DZB Leiden shows results on the (quantitative) largest scale. It employs 1.500 persons, the majority being physically and/or mentally handicapped persons. Residents and organisations, as well as businesses are offered different (cheap) services.

*Effects:* DZB Leiden shows its main effects in the field of jobs, with (less important) effects in the fields income, skills and capacity, quality of life and investment.

As important factors influencing success have been identified above all: the '100% network' of DZB, the creativity of the organisation, political support of local government. As factors influencing failure the current national regulations, image problems, and the low outflow out of subsidised jobs have been identified among others.

*Open questions:* The average waiting time for job applicants is about two years now already



### **The overall approach**

The steering actor in the two projects is the public housing company MKB Fastighets AB, that is one of the most proactive actors within the Swedish housing sector. It is worth to mention that local economic development measures constitute a small part of activities only besides a range of social and cultural activities run by MKB and their associates.

The approach is characterised by the ability of MKB to successfully associate and co-operate with partners and its proactive role in developing unconventional measures on the basis of local needs.

### **The measures**

#### **The House of Entrepreneurs**

*Emphasis of the measure:* Business development: Information and advice to new entrepreneurs, especially start-up businesses. Promoting networking among local (Malmö) businesses.

*Study size:* 15 companies.

*Organisational characteristics:* Partnership with the Malmö Centre for New Business (CNB) and the 40-45 companies linked to them is a strategic element of high relevance.

*Results:* After one year of existence, House of Entrepreneurs hosted beginning of 1999 some 15 enterprises; four of them were created by local residents. During 1999 another 10-12 companies were hiring offices. It is expected that the House of Entrepreneurs will host in the end some 30-40 entrepreneurs.

The main *effects* of the measure are in terms of attracting commercial activities to Rosengård, a more positive image of Rosengård, and being a role model for new entrepreneurs in the local community. There has been less direct effect at the local level regarding quality of life, incomes or employment of the local community. Still, it is possible that these effects will show in the future.

As *strategic success elements* have been identified the means to attract businesses to the House of Entrepreneurs, that is, a rent well below market rent (subsidised by MKB), advice and education to young entrepreneurs; and the involvement of Malmö CNB and the companies linked to them.

*Open questions:* Particularly the involvement of local residents in any larger extent in the House of Entrepreneurs strategy is underdeveloped so far, but will be tackled in future.

#### **The Job Emergency Ward**

*Emphasis of the measure:* Job placement services: Semi-private employment agency providing service to local residents, matching vacancies and unemployed, especially temporary jobs. All kinds of jobs are welcome, irrespective of length or level of skills.

*Study size:* 150 unemployed clients (of which one third is female and 80 % foreigners) and approx. 40 employers during 1998.

*Organisational characteristics:* Association of MKB with *Malmö Centre for New Businesses* (CNB) and the private company *Personalservice AB*.

*Results:* Since the start of the activity in beginning 1998, 75 jobs have been delivered (till Feb. 99?) to local residents, 37 percent of the jobs have been allocated to women. The jobs delivered are mostly unskilled jobs.

The main *effects* of the measure have been in terms of increased chances for local residents to enter the labour market, improved self-esteem among local beneficiaries, increased motivation to move on with education or job-seeking, in some cases, self-supportive households.

As *strategic success elements* have been identified: the origin of the initiative in the needs of the local residents, the simplicity and scale of activity, the spatial connection, the functioning as a door-opener to the labour market, low investment and risk-taking.

*Open questions* include choices about the scale of the JEW's activities, need for new marketing strategy, need to tie even more companies to the activity. JEW has not treated skilled persons and women equal to other persons in the target group.

### **The overall approach**

Local economic strategies in Marxloh are embedded into a comprehensive local development programme. The leading actor in Duisburg-Marxloh is the local authority that has created in 1994 two organisations working on the spot: Duisburg Marxloh Development Corporation EGM and the Neighbourhood Project. The local economic development approach rested above all on the activities of the BfW, as the small economic subunit of EGM, responsible for business development, and on the activities of the Neighbourhood Project as the unit involved in human resource development. The way in which the Marxloh Project evolved, set priorities and developed activities, has been incremental rather than strategic.

The Duisburg-Marxloh approach is characterised by a strong leadership of the local authority actors. On the one hand, this led to visible signs of progress in the area in relatively short time. On the other hand however capacity building among local population and involvement of local actors suffered from the approach especially in the beginning.

### **The measures**

#### **The Neighbourhood Project's Subsidised Labour Schemes**

*Emphasis of the measure:* Human resource development: Work experience and qualification for the unemployed.

*Study size:* Subsidised labour project with an average of 250-300 workplaces per year (till end of 1998).

*Organisational characteristics:* Offering benefit to the neighbourhood via work carried out by the workforce of the Neighbourhood Project. Local public institutions, facilities and associations serving a public interest were encouraged to deploy the workforce.

*Results:* More than 1.000 persons (many of them being multiple excluded persons) were provided with a (temporary) job and access to qualification. Among them 40% of migrant origin and 40% Marxloh unemployed. Labour market integration has varied according to schemes: Low placement rate for the manual schemes (5-15%), higher placement rates (60-70%) for the social schemes participants.

*Main effects:* Necessary works in the neighbourhood has been carried out with the help of the Neighbourhood Project. However, all of the newly and additionally created jobs are of temporary nature. Among the positive effects for the individuals, a higher income and the effects for individual progress and well being stake out are to be stressed.

*As factors influencing success* have been stated the co-operation between Neighbourhood Project and EGM, unclear and vague policy objectives, little strategic reflection on priority setting, and above all in the beginning little partnership working.

*Open questions:* none of the jobs created will remain without state subsidies

#### **The Local Agency for Economic Development BfW as a Service Provider**

*Emphasis of the measure:* Business development: Information and advice to business community, especially start-up businesses

*Study size:* 171 clients since the establishment of BfW beginning of 1996 until May 1998

*Organisational characteristics:* Opening of a agency in the main shopping road; mostly, clients have put themselves forward. Mainly 'soft support' to starters, BfW was trying to act as a 'go between' to established agencies.

*Results:* The majority of clients felt that their requests were dealt with in good or very good quality. Among others results, BfW was able to support five start-up businesses, from the business idea to the successful establishment.

*Effects:* In terms of jobs, the successful start-up businesses created 13 full-time, one part time job and 2 places for apprenticeship. Only one new manager had no previous relationship with Marxloh. 4 out of 5 starters were previously unemployed; 4 out of 5 were of Turkish origin.

*Main factors influencing success:* Early agreements and clarification of the specific mission and role of BfW in the system of economic institutions in Duisburg.

*Open questions:* The open door approach is labour intensive: clients put themselves forward rather than being targeted by the office staff. With the staff of the local agency BfW being responsible in the future for economic development in two other distressed areas, a more selective approach seems necessary.

#### **The Local Agency for Economic Development BfW as a Development Agent**

*Emphasis of the measure:* Business development: Promoting networking among the local business community; commercial land development and project development

*Study size:* Local economic actors in Marxloh

*Organisational characteristics:* Outreach approach for involving relevant local actors and associations in the local economic development

*Results:* Promotion of a network among Turkish business community, strengthening of German retail traders association, tangible results in commercial land development (in the near future some 45 workplaces). Little process in concrete project development activities.

*Effects:* Environmental improvements (commercial land development), stronger identification of business community with the Marxloh area (networking activities), supporting growth and development of the local company base (redevelopment of local sites, opportunities for new starters). Local networking and project development have enhanced capacity among local business community

*Main factors influencing success:* Co-operative acting of BfW staff was identified as a success factor. Project development activities suffered from the fact that there was no widely accepted vision for the area, and no sufficient analysis of the role and perspectives of Marxloh's economy in the wider urban context. Also, the low autonomy for action of BfW staff was a factor hindering success in project development.

„The key issue is whether this new version of local or community-based economic development is genuinely better and more effective than past efforts. Can local government and/or neighbourhoods, working together or separately, create new jobs? More important (and perhaps more fundamental) are these new approaches just moving the existing jobs around the nation with giveaways and gimmicks? Is it, in fact, possible to generate more work and more „good“ jobs in a technology-based economy? If local efforts can generate employment, are these efforts cost-effective? Or is it inevitable that local institutions are only playing at the margins of the employment generation process without making any substantial impact on the real requirements for employment in a transnational economy? Can the job-formation process be related to the people who need the work? Is it inevitable that the ‘underclass’, the racial minorities, women, and other disadvantaged persons, will not share in the benefits of any form of economic development, be it local or otherwise? (Edward J. Blakely, 1989, 58)

## 1 Background and objectives of the project

The following text states the rationale for the project and the way it developed during its lifetime. The first section will provide some background about the concept of local development and the wider questions this concept raises. The second section presents the overall aim of the project, the partnership structure and the outputs of the project in form of reports produced.

### 1.1 The challenge of and rationale for local (socio-)economic development

Local economic development policies<sup>4</sup> have become a new topic on the agenda in many a European municipality in the last decade. In the European urban context, local economic development emerged mid of the 1970ies in the UK. More precise, the Glasgow GEAR Initiative stands for the recognition of governments that local or neighbourhood areas were appropriate levels for economic regeneration (EC 1997b, 126). As the British Case Study Report states, local economic development initiatives in the UK developed partly in reaction to the crisis of regional or national traditional industries, the growing belief in the social and economic benefits of local initiatives and the antagonism between central and local government. Over the years economic development initiatives developed a „holistic approach“ to area regeneration, integrating economic with physical, environmental, social and educational measures.<sup>5</sup>

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<sup>4</sup> While the term ‘local economic development’ emphasises here that the origin and main focus of the ELSSES study have been activities generating and securing local employment and income for disadvantaged groups, in the course of the study the term of socio-economic development has been coined lateron, considering the fact that the exclusion of disadvantaged communities cannot be tackled with one-dimensional strategies. The term of socio-economic development is the one used predominantly in this report.

<sup>5</sup> The concept of local economic development is by no means restricted to the urban area. In the European rural context, local development strategies gained relevance a means to stop rural-urban migration. Co-operative movements played a role above all in the 1960ies and 1970ies in countries like France and Italy. The ELSSES project concentrated on urban policies however.

In the definition of the project, local (socio-)economic development strategies are those small-scale activities, that aim to integrate disadvantaged communities primarily by means of generating and securing employment and increasing income opportunities, and reviving the economy and social fabric of distressed urban areas. The rationale for local economic development initiatives is not, of course, solely economic. It is important to stress that while employment and income generating activities have been the main emphasis of the project, the very concern of improving the quality of life in urban regeneration areas does not allow for isolated perspectives.

There is no single concept of local economic development, but a wide range of notions, societal values and normative expectations underlying the term and its usage. For instance, depending on the degree to which social inclusion in a given policy arena tends to be defined in terms of labour market integration only, the concept of local economic development will prioritize measures influencing labour market supply and demand, or it will go beyond to concepts for the societal useful production of goods and services for the local community and the development of perspectives for those who may not be able to or do not want to work in the formal market economy. In the Netherlands, for instance, voluntary work or social economy/third sector activities seem to be more acknowledged as forms for social inclusion besides labour market integration as compared to other countries. Thus, the targeted groups, the objectives of local intervention, the underlying vision and the perspectives developed vary widely across the projects reported. A further distinction can be made according to normative expectations and the drive for reform underpinning the local economic development concept. More specific, are measures at the local level predominantly an instrument for the integration of the local community into the wider economy, or is there a more reformist perspective in which the local level is seen as an appropriate level for institutional innovation and counteraction, for example in seeking to „re-embedding“ economy in society, redefine and widen the dualistic relation between profit and not-for-profit activities, and widen state activities and market economy for a third sector concept (OECD 1996a). The projects and approaches reported have shown a different degree of being complementary to or replacing mainstream policies.

A major theme that informs the understanding of local economic development strategies within the context of the project is the issue of *neighbourhood development*. European Member States face similar challenges to work for social and economic cohesion within the urban structure and improve conditions in disadvantaged localities.<sup>6</sup> A key principle underlying the different experiences in the challenge to work for social and economic cohesion within the urban structure, is the increasing recognition of the need for a comprehensive and holistic approach to regeneration schemes, based on the needs, experiences and knowledge of people who live in the area. Regeneration activities, concentrating on housing, environmental and physical infrastructure upgrading in the past, showed its limitations. Face-lifting has no sustainable effects, when the problems behind the façades remain in form of unemployment, social welfare dependency, social isolation. It has become clear, that the complex reasons and factors leading to exclusion cannot be approached with one-dimensional strategies but that strategies have to link economic, ecological, social and environmental measures to a holistic approach.

*Local employment and job creation* is a second major theme that informs the understanding of local economic development strategies within the project. Employment has become the top priority of the European Union: The Member States of the Union have put in place a comprehensive European Employment Strategy to combat

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<sup>6</sup> The Communication from the Commission „Sustainable Urban Development in the European Union: A Framework for Action“ defines the term ‘urban areas in difficulty’ as meeting at least one of the following criteria: a rate of long-term unemployment higher than the Community average; a high level of poverty including precarious housing conditions, a particularly degraded environment; a high crime rate; low levels of education attainment.

unemployment and raise the present levels of employment on a lasting basis. The Amsterdam Treaty introduced a new Title on Employment. At the Luxembourg Jobs summit in November 1997 it was agreed that the employment strategy should be based on four main pillars: improving employability, developing entrepreneurship, encouraging adaptability of businesses and their employees and strengthening the policies for equal opportunities between women and men (<http://www.europa.eu.int/comm/dg05/empl&esf/>). Many of the following projects reported do relate directly to these main pillars.

In different economic, political and social contexts, different strategies for generating employment and increased income opportunities are pursued. They usually involve

*Different strategies for generating local employment and increasing income opportunities*

- Strategies enhancing labour supply, including preventive and employability measures, as well as measures to promote the re-employment of the long-term unemployed. Measures to tackle youth unemployment and ease the transition of young people from school to work have gained increasing relevance in all European Member States.
- Strategies increasing the demand for labour through inward investment, developing entrepreneurship and maintaining a competitive business base, by supportive measures to the development of new businesses, and the growth of the local small and medium-sized business base.
- And thirdly, attention has been directed lately to the scope for the creation of new jobs at the local level, be it in the social economy, or in promising areas with an employment potential (environmental technology, services sector, etc.) (EC 1998; EC 1995) Many of these initiatives involve providing services and goods to fill unmet needs, particularly in communities with low spending power.

Often, elements of all three strategies are combined in regeneration areas and balanced according to local circumstances.

Apart from the contents of the local approaches, in many cases a new form of policy (process) goes along with it. Local policies raise wider questions on local institutional arrangements, and social and political participation (see also chap. 3.4 on local approaches in their wider policy context). Blakely (1989, 59) outlines as new conceptual element the process orientation of local economic development, in that it is aiming at the formation of new institutions and institutional relationships, capacity building (local business and residential community), the identification of new markets, the nurture of new enterprises and the transfer of knowledge.

*Local policies raise wider questions*

The need for a comprehensive approach in neighbourhood development requires for more plural institutional arrangements. It calls for alliances within the area, more corporate working within local authorities, for community and private sector involvement and thus presents considerable administrative and political challenges. Traditional local institutional relationships and roles are challenged: Who is steering the process? Who is integrating policies and measures? What is the role of the local community in the process? Who is deciding on priorities in the development process? These questions touch the institutional and policy framework around the issue of area regeneration (Parkinson 1998a,b; Geddes 1998).

Besides horizontal power relations local socio-economic development also challenges vertical power relations, especially levels of centralisation, between local government and regional/national governments, but also the decentralisation process from the city level to smaller parts of the city, to neighbourhoods. There is a European wide trend to decentralisation of policy responsibilities for tackling social and economic problems to regional and local bodies (Parkinson 1998a, 8; Jessop 1994). This decentralisation process of political responsibility has been positively interpreted by some commentators as allowing for a more effective approach at the local level. However, it also has been

criticised that the decentralisation of power and adequate resources does not always go along with it.

## 2.2 The origin of the project, its objectives and member states involved

Outside the UK, the fundamental issues to enhance job and income possibilities for people in disadvantaged areas have only recently been gaining ground in local development agendas. The experience, that local economic development strategies were being pioneered in a range of European countries, triggered off a proposal to the European Commission on a comparative study into the scope and impact of these strategies, with the aim to encourage innovation in the design of effective policies.

The overall aim of the project has been

*The overall aim of the project*

- to evaluate the impact of local socio-economic development strategies in urban regeneration areas,
- to understand the processes and circumstances that condition their effectiveness, and
- to identify areas for improvement and define appropriate policy responses.

The initial theses have been that local socio-economic development strategies at the neighbourhood level create an "added value" that could not be realised with centrally devised policies at city and/or higher policy levels. It was further assumed that certain institutional and organisational characteristics, like the level of integration between actors and policies and the embeddedness of the local approach into policy systems at higher levels, were of crucial importance to their effectiveness.

The ELSSES research project has analysed the extent, the contents and the form of innovative cases in selected urban regeneration areas in six European countries. Socio-economic effects of local development strategies as employed in the case study areas have been analysed according to a common methodology (see chap. 2.1). Six case study reports on the research areas' experience have been elaborated that followed a common structure. The reports cover the local economic development experience of

*Six case study reports*

Glasgow-Govan (UK), Leiden-Noord (NL), Malmö-Rosengård (S), Nancy-Provinces (F) and Pomigliano d'Arco/Naples (I), and Duisburg-Marxloh (D)

The comparative perspective allowed to research into the questions how different institutional and organisational structures and interrelationships condition the effectiveness of local economic development strategies as employed in the case study areas. Thus, the project has been able to identify areas for improvement and to define effective policy solutions. A policy guide presenting some elements of good practice is the direct outcome of this work.

The association of local practitioners and users has enhanced the work of research partners. Associated partners have helped to collect information, help to interpret findings correctly and help to validate judgements and theses arising.

The Final Report at hand synthesises the results of the national reports and of a range of cross-cutting thematic papers. It draws conclusions which stem from a comparative perspective on a range of issues, such as partnerships, stigmatisation, funding and target setting, in chapter 4 and thus aims to enhance conceptual framework on the scope and relevance of local economic development initiatives.

## 2 Methodology of the project, selected research areas and local approaches

The previous chapter 1 briefly explained the background and the objectives of the ELSEES research. This chapter will start with a presentation of the methodology used. The first section 2.1 explains the reasons for the selection of the six Member States and the research areas and it gives insight into the evaluation design.

The second section 2.2 gives an overview on the characteristics of research areas. It also highlights the wider environment in which the local approaches evaluated are situated. The local initiatives' capacity to cope with unemployment and socio-economic polarization and their impacts depend on the wider economic and institutional context. The section presents main features of the economic performance and key characteristics of urban regeneration policies and local economic development in the single countries.

The third section 2.3 summarizes the main characteristics of the local approaches' policy content. The projects evaluated are categorized according to the field of intervention.

### 2.1 Methodology of the project

#### 2.1.1 Selection of the Member States and research areas

The reasons for the selection of the six Member States and research areas were the following:

The UK is clearly at the origin of the local economic development approaches. The experiences gathered in the last decades were the reason to include this Member State. Glasgow is the place in Europe with the probably longest-standing tradition regarding urban economic regeneration approaches, with the very first schemes of that kind dating back to the early 70s. An evolution of policy designs responded to the city's economic decline during the 70s and 80s, leading to an approach of establishing local development companies. Govan Initiative, founded in 1986, is able to draw from experience gained over a very long period of time. An elaborated monitoring system, recently introduced, seeks to prove the actual impact the company has had in terms of local urban regeneration. In the field of local economic development Glasgow Initiative has acted as a pioneer, while in recent years the focus has been shifting and now increasingly also features social development.

*Long standing tradition of local economic regeneration in the UK*

In the Netherlands, since 1970 policy interventions aimed at combating deprivation problems in the neighbourhoods became the official national programme. From 1995 onwards, the Big City Policy aims at the combination of market-based stimulation of the urban economy and anti-deprivation policy. New or intensified economic activity must benefit the most vulnerable groups in the labour market. The approach pursued in Leiden-Noord is representative of the Dutch state of the art regarding urban renewal. It features characteristics of the „social activation“ model, that means an approach not exclusively centred on economic issues, but rather focused on the individual's needs in order to participate in society. A number of projects have been started, aiming at improving the local residents' economic and social participation. These projects' main feature is their coherent character, offering local individuals a path towards social integration. The local policy approach is embedded into a set of coherent national policies, such as the Urban Renewal policy, the Social Renewal policy and recently the Big City policy. Leiden-Noord can therefore be seen as a successful example of urban renewal, embedded into and supported by a unique set of policies at the national level.

*A long tradition of neighbourhood development in the Netherlands*

In Germany, local economic strategies were introduced end of the 1980ies/beginning of the 1990ies, initiated partly by European policy (URBAN initiative). Economic aspects in neighbourhood development have played a minor role so far in Germany and it is to speak of rather experimental policies that are the object of evaluation. The selected German research area, Duisburg-Marxloh, can be considered one of the most elaborate approaches within Northrhine-Westphalia's scheme for neighbourhoods with special regeneration needs. The approach includes the establishment of a structure for the promotion of local economic development at the neighbourhood level, which is a novelty in the national context. Also the consideration of an ethnic economy potential is a novum in Germany. The Marxloh experience, reflecting and linking a set of social and economic policies already in existence, acts as a forerunner in the regional and national context.

*More recent emphasis on economic aspects in German, French and Swedish urban regeneration approaches*

Like in Germany, the concept of urban local economic development is relatively new to Sweden and France. Within the Swedish national context, the Rosengård approach of an integrated local economic development is rather an exception. Economic policy in Sweden has been dominated by centrally formulated policy approaches, exercised through a strong central state and accompanied by an extensive welfare state. Local regeneration mainly has been perceived as a physical problem, neglecting economic and social aspects and the complexity they bring about. Local economic strategies have been used in a rural context since the late 70s, but in an urban context the focus shifted only since the economic depression Sweden had to go through in the early 90s. Rosengård is now one out of four national development areas, serving as national experiments. The Rosengård approach, characterised by linking and integrating action undertaken by relevant local stakeholders, and particularly the strong role exercised by the municipal housing company MKB regarding the creation of job opportunities, thus serves as an innovative example of local urban regeneration in the Swedish context.

The approach pursued in Nancy-Provinces is a good example of the current French state of the art regarding local development in urban areas. Within that current approach, the focus has shifted from housing improvement to social economy initiatives which basically stem from a grass-roots level, but which are gradually incorporated into a public strategy of local development. In late 1980s and early 1990s, a local development scheme (DSU, see also 3.2.2.) was implemented in Nancy-Provinces. Social and economic aims were announced but the main output was related to improvement of housing stock. It is now assumed housing and urban problems are already solved and therefore the focus is on challenging social and economic issues. Nancy-Provinces is an interesting case study as it is presented as a purely social and economic strategy, without urban planning interference.

*Local strategies as a recent phenomenon in the Southern Italian context*

The case of Pomigliano d'Arco is distinctive for the wider economic characteristics of a consolidated backwardness of the whole Mezzogiorno, in which local action are a quite recent phenomenon. The scale of polarisation is a different one: The difference between the North and the South overlies to a certain degree the small scale polarisation tendencies at the urban level. This is the reason why in the Italian case, we have a municipality as a research area, while in the other countries, it is a district or neighbourhood within the urban context which is the research area. Italy made remarkable efforts in recent time to decentralisation. In that context, Pomigliano represents an interesting example of a local economic and urban renewal strategy. Different policies in various fields are being applied: entrepreneurial development, urban renewal, modernisation of infrastructures and social services, and an administrative reorganisation of the local authority. The Territorial Employment Pact (TEP) policy recently introduced at the national level provides the an interesting frame for pursuing local strategies. The Pomigliano d'Arco approach must be considered a novelty in a country which has not had much experience in terms of direct participation of local communities in taking decisions regarding their civic, economic and social development.



In summary, the countries selected are enabling the exchange of experiences from the more experienced to less experienced countries. Two general criteria lead the selection of research areas in the participating countries: The innovativeness of the approach in the national context, and the integration of economic development with social and physical development measures. While the selection of research areas has not been strictly systematic, they represent a variety worth communicating and comparing. The selection features bottom-up/top-down approaches, single-agency/project-led approaches, multi-stakeholder/state-led approaches.

### 2.1.2 The research design

#### *Evaluation challenges*

Experiences with economic development at the neighbourhood level are quite different: While it is to speak of long experiences in the Scottish case, for example, in the German case, this is a more experimental policy, which has been developed in an incremental rather than strategic way. Evaluation of the local schemes has encountered some difficulties due to the fact that aims and objectives of the policy intervention often have been defined in a rather unspecified and non measurable way. Data availability across the case study areas did not allow to use indices of quality of life, such as educational attainment, employment and unemployment rates, or participation as indicators for assessing whether and what policy initiatives, or projects made an impact in the area. With the exception of Govan Initiative the projects and strategies to be evaluated are not established long enough to make such a longitudinal design useful.

*Different length of experience, different emphasis of local strategies, and heterogeneous institutional arrangements as evaluation challenges*

The selection of research areas presented another evaluation challenge, as it features on the one hand areas, in which economic strategies are more ‘part of’ a comprehensive neighbourhood development approach, this being the case in Marxloh. There are on the other hand research areas, in which a comprehensive area-based strategy is missing, but it is more individual actors that are innovative in promoting such projects, such as in Nancy-Provinces, for example. Thus, while evaluation for all case study areas had a parallel focus on the programme and the project level, in some evaluation of the overall programme is taking a more important role, while in other local case studies evaluation is rather focused at the project level.

Although the overall goal of the development strategies is the same, that is, programmes and projects orientated themselves towards the same aim to generate income, employment and social participation opportunities in areas with a special need for regeneration, there is of course an enormous variation of problem definitions in the area, the focus and strategic degree of projects, embeddedness into the environment in which those strategies are implemented. The project also had to deal in the evaluation of the impacts of local socio-economic development with very different policy contexts and institutional arrangements in the research areas for promoting local economic development, such as different decision-making levels or different steering actors.

Macro-economic models are not useful for the assessment of effects in small territories. The case study approach has been a very appropriate tool for the evaluation of micro effects (on small groups of beneficiaries), appropriate to the complexity of the programmes (multi-sectoral, multi-objective), the comprehensive nature of results, and for the in-depth evaluation of evaluative questions. In literature, the case study approach is regarded as useful especially when the measures and programmes studied have an exploratory character (see Yin 1994).

Common  
framework for  
evaluation of case  
studies

### *Evaluation questions, steps of evaluation and tools combined*

Research into local socio-economic strategies in the case study areas was aimed at several aspects of evaluation. It was targeted at assessing (in an exploratory way) the impact and effects of single selected policy measures. Beyond these empirically grounded notions about the impact (including distributional consequences and qualitative issues), the study was finally aimed at „understanding and explanation“ (Foley 1992). It seeks to provide information on factors influencing the policy outcome. Thus, evaluation is concerned with obtaining a deeper understanding of explanatory factors for the outcomes of certain policies. Equally important, evaluation thus wants to produce user relevant knowledge on success or failure factors.

The main evaluation questions have been

The main  
evaluation  
questions

- *descriptive*: What is happening, who are the actors, what approaches are currently adopted?
- *causal*: to understand and assess the relation between institutional and organisational structures and effects and impact produced
- *normative*: applying a common set of evaluation criteria to assess whether impacts and results of policy intervention have been satisfactory.

The project has aimed to develop a robust common evaluation reference system, that the research teams then adapted to the specifics of the research areas' approaches. Respecting the complexity of the different programme components, the differences in priority setting, the multi-sectoral and multi-objective programmes, and the differences in the evaluation context, the evaluation design had to be simple, transferable to a range of countries and had to allow to take into account the comprehensive nature of results.

*Table 2.1: Steps of Evaluation and the combination of tools for the evaluation of local socio- economic development strategies*

Steps of  
evaluation

Steps of Evaluation	Method
Clarifying and grading the effects to be evaluated, defining criteria	Definition of overall criterion, and more specific process and impact criteria
Choosing observation instruments	
Defining the observation field	Beneficiaries of the local intervention, local stakeholders, experts inside and outside the eligible area
Collecting data	Secondary data
Comparing data	Questionnaire survey
Estimating effects	Individual interviews
Judging in terms of the different criteria	Analysis of impacts according to overall criterion and indicators
Formulating a synthetic judgement	Discussion sessions with local associated partners

Based on: EC MEANS 3, 1999, p. 24ff, 228ff

### *In-depth analysis of local socio-economic development schemes in six research areas*

In 1998, the ELSSES project analysed local socio-economic regeneration strategies as implemented in the six urban regeneration areas of Duisburg-Marxloh, Glasgow-Govan, Leiden-Noord, Malmö-Rosengård, Nancy-Provinces and Pomigliano d'Arco/Naples. Twelve work months have been dedicated to the in-depth evaluation of the measures and the programme carried out in the single research areas. For evaluation purposes, the complex local approaches in the urban regeneration areas under consideration were

narrowed down to 3 to 4 measures (action or major project) for closer evaluation. The projects envisaged for evaluation have been chosen in consideration of both, to reflect specifics of the case study areas' approach as well as ensure common ground for comparative analysis of success factors. The analysis and evaluation followed a common methodology.

As regards a common framework for empirical work to be carried out, data availability in the research area was analysed, and common guidelines for interviews with local stakeholders were developed. The methodological approach to evaluation was based on a combination of quantitative research techniques, such as analysis of administrative records and monitoring information, and qualitative research techniques, such as in-depths-interviews. There has been a lack of systematic collection of internal review data and/or internal monitoring of effects in nearly all research areas. When ELSESES research started relevant evaluation information, such as data on the characteristics of beneficiaries was scarcely available, thus making additional surveys necessary. Primary data was obtained by questioning of local stakeholders and beneficiaries of the project/measure.

Individual interviews and questionnaires have been appropriate tools for observing and analysing changes. The data were collected at various operational levels: at the level of the project as such, at the level of the beneficiaries of measures (firms, scheme participants), and - if relevant - at the level of the overall programme (see Appendix 4 for the number of interviews carried out).

A common checklist of evaluation criteria was developed as part of the evaluation procedure. That is, the implemented strategies and selected projects have been evaluated not only in terms of their own particular objectives, but common criteria were used in addition. The research partners agreed on key themes or questions addressed by all the case studies (see Appendix 3 for the basic framework for evaluation). As far as an assessment of project outcomes is concerned, these criteria have covered the main categories of Equity (distributional effects); Quality (such as sustainability of results); and Cost-effectiveness. More specific, the effects of the projects have been assessed in terms of Jobs, Income, Qualification and Skills, Quality of Life, and Investment. Criteria used have not been weighed or prioritised in common.

In the public policy domain, evaluation is not just about the final outcomes of policy decisions, but in addition about the decision making process. Common criteria for process evaluation have covered the criteria of (horizontal and vertical) Integration of policy actions, Community Involvement, Timeliness of Action; Local Flexibility, and Period of Action/Commitment. For the evaluation of the policy process, three analytical aspects of the policy process were taken into account as far as relevant: Policy formation, policy implementation and policy evaluation.

The results of evaluation of the case study approaches are presented in the respective Case Study Reports. In form of an overview, the most significant results and effects are summarised in front of this report for each of the evaluated projects.

Preliminary project results were discussed at a Conference in Naples (12-15 March 1999), that was organised with the support of, among others, the Province of Naples, and attended by all local associated partners.

### *Thematic cross-cutting analysis*

Cross-cutting comparative analysis started in March 1999. For comparative research, the single evaluated projects were grouped into categories of homogeneous interventions. These were as follows: *Business development* (Business Start-Up and Established Business Support; be it in form of counselling and finance services, infrastructural

development, or networking activities), *Human Resources Development* (including Job search and Placement Schemes as well as Work experience, Qualification and Training Schemes) and *Social Economy* (Projects offering services for the community, with the prospective of being economically self-sustainable to a certain degree, while also offering routes into work for marginalised groups).

Moreover, two wider research questions were emphasised in cross-cutting research: *Local approaches in their wider policy context*, including comparative work on geographical scale, institutional relations, and diagnoses of the problem, and *Strategies in local socio-economic regeneration*, including comparative work on different strategic aspects and the overall extent of strategic content in research areas.

The results of comparative work are presented in the following chapter 3 of this report.

## **2.2 A comparative perspective on the areas and the wider environment**

### **2.2.1 The Research Areas: A Basic Outline**

The six research areas examined in the ELSEES project are characterised by a considerable variation concerning size, history, urban structure, social structure, economic background and geographical setting. Yet it is possible to identify some structural commonalities at least among some of the research areas.

Leiden-Noord, Nancy-Provinces and Malmö-Rosengård are essentially residential neighbourhoods, while Pomigliano d'Arco, Duisburg-Marxloh and Glasgow-Govan are more diverse, mixed-use areas. Duisburg-Marxloh and Glasgow-Govan are sharing their industrial rise and downfall as well as their similar urban structure. Nancy-Provinces and Malmö-Rosengård came into being as post-war Fordist monofunctional estates, just with the exception of Nancy-Provinces's clearly smaller size.

Pomigliano d'Arco stands apart from the rest of the research areas in many respects. It is the only one that consists of a whole autonomous municipality, and it is set against a background of structural backwardness not to be found in the Central and Northern European research areas.

Duisburg-Marxloh, Glasgow-Govan, Pomigliano d'Arco, Nancy-Provinces and Malmö-Rosengård are all located in regions that have experienced overall crises in the regional economy. During the last decades the labour market has changed as the traditional industries declined and were extensively closed down. The outcome of the economic decline has turned out to be very clear at certain geographical locations.

All areas in the ELSEES-study show high unemployment. Large proportion of the population are dependent on social assistance and there is generally a lack of public services compared to other parts of the cities. The areas are characterised as marginalised and disadvantaged areas in relation to their surroundings.

The ethnic composition differs considerably between the case study areas. Malmö-Rosengård shows the largest number of different nationalities and a high proportion of immigrants and refugees. Also in the case of Duisburg-Marxloh, Leiden-Noord and Nancy-Laxou, there were considerable ethnic communities and comparably high proportions of immigrants. In contrast, the corresponding numbers are comparably low in Glasgow-Govan and in Pomigliano d'Arco.

Table 2.2: Socio-economic, institutional and organisational context represented by the case study areas

Socio-economic, institutional and organisational context represented by the case study areas					
	Population	The physical conditions and geographical context	Characteristics of urban structure	Factors influencing the development of the area	The wider urban context
<b>Duisburg-Marxloh:</b>	<p>population approx. 20,000 (declining)</p> <p>high proportion of ethnic minorities (approx. 35%)</p> <p>high unemployment (approx. 25% in late 90s), including high long-term unemployment</p>	<p>area was mainly built up between 1880 and 1910</p> <p>area occupies a somewhat isolated position in the geographical urban context</p>	<p>heterogeneous urban structure, including potential for economic/commercial development within the area (structural flexibility)</p>	<p>development of neighbourhood had been closely connected to the neighbouring coal/steel industries</p> <p>neighbourhood thus is largely a result of industrial development</p> <p>area has been severely affected by industrial decline</p>	<p>area is situated in a wider urban context showing similar features, such as high unemployment and industrial decline</p>
<b>Glasgow-Govan:</b>	<p>population approx. 28,000 (declining)</p> <p>small proportion of ethnic minorities (just 4-5%)</p> <p>relatively high level of unemployment (13% in 1998), yet a substantial cut in unemployment has been achieved during past ten years (1988: 26%); economic activity 55% in 1991</p>	<p>main period of growth between 1870 and 1900</p> <p>despite geographically central location, area is somewhat isolated due to riverside location and poor bridge connections</p>	<p>heterogeneous urban environment, including potential for economic/commercial development within the neighbourhood (structural flexibility)</p>	<p>development of neighbourhood had been closely connected to the nearby shipbuilding industry and related industries</p> <p>neighbourhood thus is largely a result of industrial development</p> <p>area has been severely affected by industrial decline</p>	<p>area is situated in a wider urban context confronted with similar problems, such as high unemployment and industrial decline, but also comprising a growing service industry</p>
<b>Leiden-Noord:</b>	<p>population approx. 18,000 (stable)</p> <p>high proportion of ethnic minorities (approx. 30%)</p> <p>relatively high unemployment (11-15% in 1997)</p> <p>high proportion of welfare recipients (16-21%)</p>	<p>area has developed rather continually since beginning of the century as a working class district</p> <p>area occupies a location rather close to the town centre</p>	<p>area is mainly residential, yet has grown continually and is subdivided into wards with a distinct identity and a variety of housing types; limited potential for economic/commercial development within the area</p>	<p>area had been early affected by the region's deindustrialization (already around 1970)</p>	<p>area is situated in a formerly industrial medium-sized town showing a good economic performance in the context of a strengthening national economy; further growth poles offering job opportunities are nearby</p>

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**Socio-economic, institutional and organisational context represented by the case study areas**

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	<b>Population</b>	<b>The physical conditions and geographical context</b>	<b>Characteristics of urban structure</b>	<b>Factors influencing the development of the area</b>	<b>The wider urban context</b>
<b>Nancy-Provinces:</b>	<p>population approx. 3,500 (slightly declining)</p> <p>relatively high proportion of ethnic minorities (no precise data available)</p> <p>area is largely inhabited by socially exposed households „trapped“ in social housing and endangered by exclusion</p> <p>high unemployment (approx. 15% in late 90s)</p>	<p>neighbourhood came into being in mid 1960s</p> <p>no particular local company base</p> <p>area occupies a suburban position in the geographical urban context, yet comprising rather good connections with the town centre</p>	<p>monofunctional urban environment; prefab, partly high-rise residential estate lacking potential for economic/commercial development within the area (structural inflexibility)</p>	<p>area is part of the French post-war social housing scheme, thus a result of post-war Fordist interventionism</p>	<p>area is situated in a formerly industrial medium-sized town now showing a relatively good economic performance, thus job potential outside the area</p>
<b>Malmö-Rosengård:</b>	<p>population approx. 20,000 (stable)</p> <p>very high proportion of ethnic minorities (75%)</p> <p>area is largely inhabited by socially exposed households „trapped“ in social housing and endangered by exclusion</p> <p>moderate unemployment (approx. 11% in 1997), but very low rate of economic activity (32% in 1995)</p> <p>high proportion of welfare recipients (50%)</p>	<p>neighbourhood came into being between 1967 and 1974</p> <p>area occupies a location in the urban outskirts</p>	<p>mainly monofunctional urban environment; prefab, partly high-rise residential estate comprising a shopping centre/service centre; limited potential for economic/commercial development within the area (structural inflexibility)</p> <p>good social infrastructure</p>	<p>neighbourhood came into being as part of a state-led housing scheme</p> <p>area thus is a result of post-war Fordist interventionism</p>	<p>area is situated in a formerly industrial medium-sized town showing a satisfactory economic performance and relatively good future prospects, thus there is a job potential outside the area</p>
<b>Pomigliano d'Arco:</b>	<p>population approx. 43,000 (nearly doubled since 1960)</p> <p>no particular ethnic minorities</p> <p>very high unemployment (35% in 1991)</p>	<p>area is a small town in a structurally retarded wider context</p> <p>area is an autonomous municipality in proximity and with good connections to the region's urban centre (Naples)</p>	<p>heterogeneous, yet poor urban environment, including potential for economic/commercial development (structural flexibility)</p>	<p>area had been industrialised only as late as the 1960s and 1970s through central state intervention</p> <p>area is already showing signs of beginning industrial decline</p>	<p>area is situated in a wider regional context suffering from similar problems, such as high unemployment, structural backwardness, poor quality of productive base, poor relations between externally controlled productive base and local economy</p>

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### **2.2.2 The institutional and policy framework around area regeneration and local economic development**

The local initiatives' capacity to react to the challenges of local unemployment and socio-economic polarisation is affected by wider economic and institutional factors, such as the (i) economic performance on the local level and in the wider context, (ii) the institutional and policy framework around the issue of area regeneration, the extent of welfare state provision, the balance of power and commitment between state, private sector and community sector (see Parkinson 1998a, 6). All of these will be shortly highlighted in the following, such building a frame for the following chapters on results of comparative analysis. After a short presentation of key characteristics of each country, a section on convergent and divergent features from a comparative point of view follows.

#### **The wider context: urban regeneration policies and local economic development in the six European countries**

There is wide-ranging literature on the existing urban regeneration policies in the single countries (see EC 1997b, Appendix B; European Foundation 1998a). There is a certain degree of convergence when it comes to distinct phases in urban regeneration thinking. Similarly in European countries, regeneration thinking has gone through similar policy changes. The phase of urban repair, in which physical improvement was in the centre of the strategy, the investment in bricks, a phase focusing more on the social dimension, the investment in people, a more welfare-based approach and a phase in which economic issues became relevant, the focus on entrepreneurship, economic potentials and performance in distressed areas. Given this convergence in urban regeneration thinking, there is nevertheless wide divergence as regards the emphasis of urban regeneration programmes, whether there is or not an overall urban regeneration policy, the steering actors and the level of policy integration (for a more detailed analysis of some of these factors as regards the research areas see 3.1 on local approaches in their wider policy context).

#### *Netherlands*

As an result of an active decentralisation policy carried out by the Dutch national government, since the 1980ies the local government can be considered more and more as the steering actor of local socio-economic policy. The overall urban regeneration policy (The Big City Policy) is characterised as its two former predecessors (Urban Renewal, Social Renewal) by a co-ordinated policy approach aimed at long-term renewal activities and a neighbourhood approach. There are well-developed horizontal co-operation structures at local level around urban regeneration policy. Horizontal co-operation at the national level enables an integrated fund for the local implementation of the national policy, that is spent flexible according to local needs and insights. The relationship between the local and the national level is one of an agreement with continuous monitoring and assessment: In exchange for this freedom local governments have to draw up an integral vision regarding the tackling of defined problems, the external partners involved in the policy, and the results aimed at. This vision has to be taken up in a contract between the national and local government, e.g. Contract Big City Policy. Dutch policy is characterised by the view that economic problems should not be treated in isolation from social problems. Although employment considerations take a central role in the successive urban renewal policies, the improvement of the local economic situation is seen closely interlinked and interdependent with the improvement of the quality of life. The overall aim is the improvement of the quality of life in the

neighbourhood. The excellent welfare state provision has clearly influenced the scope and nature of problems in regeneration areas - if compared with the nature of problems in other countries.

### *France*

In contrast to the other Member States, France is characterised by a still strong centralisation of power and resources. Notwithstanding a decentralisation law beginning of the 1980ies, the central government has retained strong power. Local governments have weak decision-making power. Urban riots in the national housing stock developments beginning of the 1980ies triggered off a range of institutional reactions and policies at the national level, such as a national council and inter-ministerial delegations and committee. These central bodies have then gone on to create other authorities on a local level or between different policy levels such as *Contrat de Ville*. The so-called *Développement social des quartiers (DSQ)* introduced in 1982 was the first regeneration policy focusing on a more economic approach alongside the improvement of housing and living conditions in the area, followed in 1988 by the DSU programme. In parallel to these more integrated policies, the 'free enterprise zones' introduced in 1996, marked a shift in philosophy towards a belief in private sector(led) urban entrepreneurship. This free enterprise zone policy was quickly given up, possibly for ideological reasons related to majority shift in central government, but mainly because it proved to be ineffective and very expensive for the State (see French Case Study Report). Apart from public-private partnership mechanisms, there is slow devolution of power and resources from government actors to non-governmental (civic) actors. High-rise social housing estates from the 60ies and 70ies for a variety of reasons form priority areas that call for regeneration programmes.<sup>7</sup> As stated in the French national report, the concept of local economic development has been relevant in the French rural context above all. Since the 1980ies, the concept of local development is transferred to large social housing estates under the name of „urban and social development“.

### *Germany*

Germany has a largely decentralised administrative structure, in which the states (the *Länder*) and the municipal governments have large political autonomy in the policy fields concerning urban renewal. The steering actors as regards the design and the implementation of urban policy and renewal projects are the local authorities. This large autonomy goes along with the responsibility for actually linking funding programmes and policies to an integrated neighbourhood development approach being left to the local authorities and local partners. Thus practice varies a lot across the country. For a long time there has been no national programme aimed specifically at integrated urban regeneration approaches on the neighbourhood base in Germany. This has changed in 1998 when a new Federal Government came into place. Rather from the national level, innovation in the urban regeneration areas thus has come from the local municipalities and single (city)states that took initiative. For the Northrhine Westphalian context an overall urban regeneration policy has been introduced in 1993, that shares some features with the Dutch policies: a neighbourhood based approach, an emphasis on increased horizontal integration at neighbourhood level, and a long-term commitment to renewal activities.

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<sup>7</sup> For being associated with total clearance programmes, the term of urban renewal is not used any longer. Rather it is spoken of rehabilitation when emphasis is put on urban issues, and regeneration when emphasis is on socio-economic issues (see French national report, chap. 2).



A general characterisation influencing the urban policy arena is the fact that devolution of powers and resources to the non-governmental actors is slowly to occur. Private sector engagement is uneven across the country, however still fragile.

The local economic development concept in Germany draws on different discussions: the discussion on local/regional cluster and milieus within the formal market economy, and the understanding of local economy in the context of community development. The latter one has a stronger reformist view: It emphasises economy as a means to social development, not as an end in itself. It partly links to the Third Sector/Third System discussions.

### *The United Kingdom*

Implementation of urban policy in the UK is largely left to the local authorities and local partners. However, there are also grounds for questioning the degree of local autonomy, due to competitive funding mechanisms and a restructuring of state institutions particularly in the 1980s that centralised power at the expense of local government in economic development, education, health and other welfare services. There has been no consistent local or national policy towards area regeneration in the United Kingdom, as the British Case Study Report states, but a rather diverse and ad-hoc practice developed since the 1970ies. Local strategies developed in Britain 'partly as a response to processes of economic decline, the perceived social and economic benefits of local initiatives, and the withdrawal of national government redistributive spending' (Raco, Turok, Kintrea 2000, 21). More than in the other European countries, there has been a tendency in the 1980ies to separate economic from social development (visible in the development of schemes for physical and economic renewal on the one hand, and development of anti-poverty and social programmes on the other) and a shift in philosophy from a focus on the social problems to a belief in private sector(led) urban entrepreneurship (EC 1997b, 125). A characteristics of current UK urban policy is the widespread emergence of local formal partnership arrangements, the setting up of which often triggered off by competitive urban regeneration initiatives. While taking a lead in the European context in the development of area based local development programmes, factors such as the competitive bidding from local authorities, undermining of the role of elected local authorities, lack of a consistent long-term national policy towards area regeneration and a widening gap between rich and poor have lead to dispute about the balance between redirecting main programmes and supporting community-based activities and the extent to which mainstream policies need to be more sensitive to local needs, as the British Case Study Report states.

### *Italy*

The most important feature in Italy are the regional disparities and the gap between the North and the South. For many years, development approaches were managed at central level and focused on the Mezzogiorno as a whole. The concept of locally specific programmes and interventions is relatively new in the Italian concept. It has been partly triggered off by the successful performance of local industrial districts in the north-east of Italy. Also, in terms of political-administrative structure a process of decentralisation with the autonomisation of regions and the transfer of power to the municipal level has reinforced the role of the regional and communal level in the 1990s. There has been little explicit policy on social exclusion, community involvement or integrated urban regeneration policy so far; however urban renewal policies have been widening their focus in the last years from a solely physical focus to a stronger emphasis on wider issues, such as community participation, employment and socio-economic development.

Local development strategies have introduced increasingly concerted planning tools that seek to promote greater integration between different policy levels and between governmental and non-governmental actors, such as the territorial pacts, area or planning contracts.

### *Sweden*

Local economic development thinking was very rare before the 1980s. As the Swedish Case Study Report states, the traditionally strong role of the central level, the scale and nature of welfare state provision until the 1980s, but also the stable economy until the 1990s were factors influencing the minor role of local economic development in the urban context. With the start of an economic recession beginning of the 1980's also the redistributive welfare model, that discouraged the emergence of social exclusion, has undergone a crisis. The focus in urban renewal policies at a local level during the last decades has been on improving neighbourhoods as housing areas, as the Swedish Case Study Report states, not as areas for economic or social activities. Traditional approaches in urban renewal programmes, usually financed by national programmes had a large focus on physical improvement schemes. Against the background of growing unemployment and an ideological shift in central government philosophy, small scale business development, education and training have received higher priority in social integration policies.

### *Commonalities and differences across the countries*

Summarising divergence and convergence in current urban regeneration thinking across the countries, there seems to be a growing policy consensus as regards the need to develop local approaches in the 'intermediary sphere' between private sector, government, social organisations and the local community. However even within this convergence there are significant differences of role, power and contributions of public, private and community actors. The change from government to governance, integrating the private sector and the community sector into the regeneration strategies, are more challenging issues in countries such as France and Germany, with a still strong centralisation of power and resources on the public sector.

*Commonalities and differences across the countries regarding the main actors, (de)centralisation of power and resources, emphasis and integration of*

The concept of integration of social, economic and physical policies and actions in order to stop or reverse the spiral of decline in distressed urban areas is recognised as a 'must' among the concerned parties in area regeneration. In some of the selected countries, such as the Netherlands, UK or France, and Germany, there are national and/or regional programme that promote integrated area-based urban regeneration approaches.

There are differences in the degree of physical renewal and the current state of the development of socio-economic strategies across the countries. In Sweden, there have been comparatively large investments during the last decades to raise housing standards, while socio-economic issues relatively have been neglected. A shift came in the early 1990's and is still in a developing phase. Swedish developing agents are trying to find new ways to strengthen and improve the social and economic status of people in disadvantaged neighbourhoods. This has led Sweden into a position where the physical standards are at an acceptable level and where the socio-economic conditions are relatively worse. In Germany, the focus has generally been on infrastructure investments. Stimulation and development of the local economy have just recently started to gain ground. The Marxloh case is a successful initiative linking employment and structural policies. The project is strategically embedded in an overall approach, covering a broad field of activities, and focused on involvement of local residents and networking.

The revitalisation of the local economy and the need to improve the access to jobs and qualifications as crucial factors for the social integration of disadvantaged communities has a long tradition in area-based regeneration in Scotland. Regarding economic development, development of an overall strategy and the establishment of new institutions and networks, the Govan Initiative has made substantial progress. Having a long tradition working with local economy-oriented approaches, public agencies in Govan have learned to exclude less effective investments and organisational arrangements. In the Scottish context, the emphasis in urban regeneration has been moving over the last years towards social issues being the key themes for combating social exclusion in distressed areas. However, in Scotland, there is still much to do regarding the physical upgrading of the neighbourhood. Generating and securing local sources of employment, increasing income opportunities and reviving the economy and social fabric of distressed areas are gaining importance in all European Member States, with very different values and aims underlying the process. In the Netherlands, the improvement of the local economic situation is seen as a means to improve the quality of life in the neighbourhood, not as an end in itself. Here, the contrast to UK local economic development is apparent.

The Italian area differs from the other areas as it includes an industrial zone, where the new policy (C.I.C.O.), spatially, has its main effects. The labour market in Pomigliano d'Arco is very dependent on regional and national conditions and interacts very little with the local community. The emphasis in the Italian case is almost solely economy-oriented. The initiative in Pomigliano d'Arco is primarily designed to promote the regional economic development and less the local employment situation.

Another interesting feature is the relation between mainstream programmes and local area based initiatives. Locally based approaches can make a difference, but mainstream programmes have an essential impact on the overall quality of life of individuals. While the UK has taken a lead in area based regeneration schemes, it is also true that the extent and provision of the welfare state in other countries has a large influence over the standards and the nature of problems in local areas, such as the physical standards of housing, or the overall provision of the local community with social services and infrastructure.

### **2.2.3 The economic background**

Unemployment rate within the Member States of the European Union decreased end of 1998 for the first time since 1992 under 10%. With a rate of 61%, the employment rate in 1998 was low in the international comparison (Amtsblatt der Europäischen Gemeinschaften 17.8.99). Behind these Union wide figures, significant differences exist in the trends and levels of single countries.

This section highlights the countries' national performance as regards unemployment and economic activity. While regional economies have been commented to gain importance within the context of the globalisation of economic activities at the expense of national economies (Dunford and Kafkalas 1992), for lack of comparable regional data the following text concentrates on the main characteristics and trends of the national economy. When comparing the national economies' performance to those of the regional economies (as long as data allow) it shows that the regional economies in each and every case present a weaker performance than the respective national economy regarding unemployment and economic activity.

Although statistics (see Appendix 2) show some major trends visible in most of the economies included in the sample, such as a stagnating employment rate and a general

trend regarding rising unemployment, some economies comprise particular developments worth noticing. The two economies most out of line with the general European development are the Netherlands and Sweden.

The *Dutch economy* is the only one among the six that reveals a substantial growth of the economic activity rate, yet starting from a comparatively low degree of economic activity among its citizens in the early 90s. Besides, the Netherlands are the only economy that can boast a major drop in unemployment since the beginning of the last decade. This might at least partly be due to widespread part-time employment which is another striking feature of the Dutch economy. Among women as well as among men the Netherlands clearly show the highest degree of part-time employment across Europe. After many years of the expansion of the economy, the coming years are likely to see a more moderate economic growth. Nevertheless the unemployment rate is expected to still fall in the years to come.

Quite on the contrary, *Sweden* is also showing some unique trends. The most striking feature of the Swedish economy was the more than dramatic rise of unemployment in the first half of the last decade - a trend that diminished in 1998. This of course is mainly due to the fact that Sweden had managed to retain an extremely low degree of unemployment until the early 90s (just 1,7% in 1990). But in the early 90s the *folkhem* ("the people's home") finally lost its withstanding power, and the Swedish model of economy and welfare had been dismantled by the global economy's forces. Apart from soaring unemployment, the most significant drop of the economic activity rate also had been a result of that development. Yet Sweden also had (and still has) the highest degree of economic activity across Europe, due to a female activity rate nearly equal to the male one, which is another Swedish peculiarity. The country's strong service sector is vastly a result of the extensive state sector left over from the times of the welfare state. Sweden's low level of long-term unemployment probably derives from the fact that mass unemployment still is a relative novelty in this country. The unemployment rate is below European Union wide average. For the next years Sweden's economic growth is expected to slow down, with moderately falling unemployment rates.

*Italy* is also showing some features that are somewhat out of line with the rest of Europe. Among them, there is the clearly lowest employment rate out of the six due to a very low degree of female participation in the labour market. Italy's economy has showed a low growth over the last years. In economic terms, there is a still strong imbalance between the modernised North and the South of the country, in which the research area is situated. Across the selected countries Italy features the highest unemployment rate (12%), the highest level of long-term unemployment and youth unemployment, and the most backward economic structure, comprising the strongest agricultural sector and the second-strongest industrial sector out of the six.

The most characteristic features of the *German economy* are a rise in unemployment second only to Sweden's, and a relatively heavy dependence on the industrial sector which is the strongest among the six sampled economies. The overall economic growth has been weak in the last years. Especially restructuring processes in the new German Länder lead to a rise in unemployment figures; unemployment is double as high in the Eastern than in the Western parts of Germany. There are some signs of increasing economic activity in the next years.

*France's economy* has showed a moderate growth of the employment rate in the last years. However, in comparison to other countries the quota of economically active population is still low, above all of population above 55 years. There has been an average growth of the unemployment rate in the first half of the last decade, with a decrease in unemployment due to recent reforms and a stronger national economy in 1998/99. Still,

France is showing the second highest unemployment rate among the six countries (11,7% in 1998). Also youth unemployment is higher than in the average of EU Member States.

A strong service sector, a high employment rate and a high degree of part-time employment are the main features of the *British economy*. Unlike Sweden, the British service sector has achieved its dominant position as a result of the country's neoliberal macroeconomic policy. Unemployment rate has fallen in the last years; however the statistical data does not give a reliable picture for many changes in the calculation basis. 'New Deal' and 'Welfare to Work' initiatives have been designed to tackle especially youth and long-term unemployment.

It can generally be stated that in recent years those economies with a strong service sector such as the UK or the Netherlands have shown a better performance regarding unemployment or economic activity compared to those still depending on a strong agricultural and/or industrial sector. The same is true for those economies shaped by a relatively high degree of part-time employment and a high economic activity rate.

## **2.3 A comparative perspective on the characteristics of the local approaches and the selected projects**

The previous chapters 2.1 and 2.2 have highlighted the characteristics of the areas and the wider institutional and economic environment in which the six local approaches in the European Member States are implemented. This chapter seeks to provide an overview on the characteristics of the local approaches and the selected projects for evaluation. The first section provides a comparative perspective on the main policy content and the target groups of approaches. The second section groups the projects into categories of homogeneous intervention. These are as follows: Business Development, Human Resource Development and Social Economy. A detailed analysis of projects according to this typology follows in chapter 4. For an overview on the main results and the main effects of projects, please see also the front pages XIX-XXIV of this report. On the basis of the Case Study Reports, these pages present for each of the participating Member States a brief insight into the overall approach and the selected projects.

### **2.3.1 Characteristics of the local approaches in policy content, targeting and comprehensiveness**

There are different conceptions of the best approach to local socio-economic development within each study area. They cannot just be explained by the institutional setting and area's history. When analysing the local priority setting in each case study, we find different emphasis on physical renewal, community and social development, and economic development. Notwithstanding a common feature driving for more comprehensive local strategies, the single approaches show distinctive starting points of intervention. Each strategy is original in the struggle for socio-economic integration and the local development in urban disadvantaged areas. For the risk of oversimplifying the complex local approaches, the following table indicates the relative importance of social, economic or physical renewal measures in one area in comparison to the other local approaches. The number of dots presents the analysis of researchers as regards the locally specific priority setting of actions with respect to both, the design and the implementation process.

Table 2.3: Main content of local policies

	Duisburg-Marxloh	Leiden-Noord	Pomigliano d'Arco	Glasgow-Govan	Nancy-Provinces	Malmö-Rosengård
<b>Main focus</b>						
The overall approach to local development	Integrated area-based development concept, with a recent emphasis on local economic development	A broad comprehensive neighbourhood approach	Recent area-based approach, primarily economic and industrial policies	Long established local economic development agency, acting in partnership with other agencies for the socio-economic development of the area	Grass-roots initiatives as main actors combatting social exclusion	Housing corporation as main actor, pursuing a comprehensive approach with a recent emphasis on local economic measures
<b>Strategy main objectives</b>						
Physical renewal	•••	•	•	••	••	•
Economic development and employment	••	••	•••	•••	•	••
Social and community development	•	•••	•	•	•••	•••

*Glasgow-Govan and Pomigliano d'Arco as local initiatives prioritising economic measures*

It is clear that some initiatives prioritise economic measures as fundamental to improving living standards and the quality of life, including Glasgow-Govan and Pomigliano d'Arco. Public interventions are primarily supporting the productive structure and the employment. The Scottish experience is characterised by a high level of integration and connection among supply-side and demand-side measures. In stimulating economic activity in the Govan area, there is a clear priority for local SME's. The economic approach is supported by additional measures. Govan Initiative's work is complemented by a programme of improvements to the housing stock organised through parallel but unconnected agencies, and separate efforts to reclaim and develop derelict land, improve education, tackle ill-health, etc. The main thrust in Pomigliano has been to find an alternative way of boosting economic development rather than attracting branch factories from the North. The city council has also tried to improve the area's physical planning, environmental quality and public services.

Other projects devote more attention to residents who will not benefit from improved job opportunities and training, because they lack the capacity to compete or are outside the labour market.

*Nancy-Laxou, Malmö-Rosengård and Leiden-Noord as local initiatives paying more attention to overall social aspects*

Nancy-Laxou, Malmö-Rosengård and Leiden-Noord pay wider attention to overall social aspects of integration, neighbourhood development and economic opportunities for disadvantaged groups. Projects in all of these areas are orientated towards integrating disadvantaged groups and/or minorities through a range of different measures, ranging from social participation opportunities to individual job placement strategies and subsidised work or social economy projects.

Table 2.2 shows that half of the case study areas are essentially residential neighbourhoods (Leiden-Noord, Nancy-Provinces, Malmö-Rosengård) and the other half are larger, more diverse areas including commercial and industrial zones. This has had an important effect on the kinds of policies pursued in each area. Mixed-use areas tend to have broader regeneration strategies than housing areas. Since Malmö-Rosengård and Nancy-Provinces are essentially social housing estates, the emphasis is more on supply side measures. Without major demolition and restructuring, there is often no great scope for attracting entrepreneurs and new businesses to these monofunctional urban environments.

Nevertheless, the social housing company in Malmö-Rosengård has been successful to accommodate some entrepreneurs in the residential estate. Economic measures here are

embedded into an overall, co-ordinated strategy, in which a wide range of activities is pursued, many of them based on a partnership approach.

In Nancy-Provinces, the aim is to overcome disadvantages faced by selected groups in the population, including young people and minority ethnic women, in order to increase their labour market prospects and quality of life. The local actors have been very flexible at the implementation stage, with the major concern of involving as much as possible local actors and their projects in the regeneration process.

The social content of strategies elsewhere reflects traditional welfare thinking to a large extent, sometimes with a twist of resident participation or citizen influence, e.g. at Leiden-Noord. Leiden-Noord's approach stems from a national policy to improve the life of 'big cities'. While it includes few direct measures to create new jobs, it focuses on supply side measures such as training and job search, physical improvements to the environment, and measures to improve welfare services. The key word for all the activities in Leiden-Noord, to stimulate people's participation and integration in the society, is social activation. Labour, being active in the formal labour market, is in the Dutch policy context seen as the most important indicator for social integration of residents, that is, for economic participation.

The interaction between economic and physical measures is important at neighbourhood level. Improvements in the local economy and employment of residents may not 'stick' to the neighbourhood if the individuals concerned move out for better housing, services or the environment elsewhere. They may simply be replaced by other poor and unemployed people. So, physical strategies to improve the neighbourhood environment, services and housing stock are also required to retain or attract people with jobs and higher incomes. These kinds of policies feature in the Dutch, German and Italian cases, and there are elements too in Glasgow-Govan. The quality of the physical environment is also important to attract private investment of all kinds, which explains why there have been infrastructure improvements in Duisburg-Marxloh, Glasgow-Govan and Leiden-Noord.

Even though the Duisburg-Marxloh case is oriented to explore a wider integration of the public interventions, the combination of physical renewal with training and employment in subsidised labour schemes has predominantly informed the area-based development approach. There is a certain level of the integration among the projects, as well as of the co-ordination among the institutions involved. By contrast, each initiative seems to be oriented to a specific-sectoral objective. The main target groups appear to be the whole local community and the local workforce - with a particular emphasis toward the ethnic minorities - showing a great effort to improve the social structure and the relations within the neighbourhoods and among them.

*Labour-market measures and physical renewal as priorities in Duisburg-Marxloh*

Some adopt an area- or community-based approach, while other target their activities at particular groups, such as private businesses, disadvantaged groups, or individuals. There are strong 'person-centred' and community-based approaches to economic improvement in Leiden-Noord, Nancy-Provinces and Malmö-Rosengård, comprising employment advice, training, job search support and community-owned enterprises. Such measures are complemented in Glasgow-Govan, Pomigliano d'Arco and (to a lesser extent) in Duisburg-Marxloh by 'business-centred' policies including business advice, financial support and premises which aim to expand the mainstream local employment base. Of course these distinctions are not completely clear cut in practice, but are matters of degree and emphasis.

Table 2.4 provides a simple model for reflecting differences between the local approaches as regards the actual beneficiaries of measures. A broad approach, that is, the intention to involve the whole population of the disadvantaged locality into the area based regeneration scheme is visible in Duisburg-Marxloh. There are few targeting

elements, among them a percentage set for the inclusion of ethnic minorities among beneficiaries of training and subsidised work programmes, or the targeting of non-German entrepreneurs in the locality by the local economic development agency. Leiden-Noord, Nancy-Provinces and Malmö-Rosengård show an approach more built around individual needs and/or social needs than visible in the other areas.

Pomigliano d'Arco and Glasgow-Govan approaches have a stronger emphasis on local labour market measures. Business development measures have focused their resources on most competitive firms (Law 488/92) in the Pomigliano d'Arco case or on identified 'growth businesses' in the Glasgow-Govan case.

*Table 2.4: Targeting of beneficiaries*

		Duisburg-Marxloh	Leiden-Noord	Pomigliano	Glasgow-Govan	Nancy-Provinces	Malmö-Rosengård
<b>Targeting</b>	Community	•••	••	••	••	•••	••
	Workforce (Employed and non-employed population)	•••	••	•••	•••	••	••
	Disadvantaged groups	••	•••	•	•	••	•••
	Individuals	•	•••	•	•	••	•••
	Private businesses	••	••	•••	•••	•	•

### 2.3.2 Categorisation of selected projects

The projects evaluated can be related to different thematic fields of a local approach, namely job search and placement schemes, intermediate labour market and social economy projects, established business support, start-up business support, and property development.

#### *Job search and placement schemes*

*Job search and placement schemes* providing work experience, qualification and training are aimed at increasing the capacity of individuals to get integrated into the labour market and into society. Projects in this area ensure that the local residential community in a disadvantaged area has equal or special access to work, education, qualification and training than the population elsewhere. In line with the specific local circumstances, projects give special emphasis to young people entering the labour market, or are working towards population groups not being discriminated against directly or indirectly.

The traditional policy of employment services against unemployment is to adapt labour supply to the requirements of labour demand through appropriate information and advice of clients and vocational training. But labour market information and training opportunities are definitely not enough for giving long-term unemployed access to work. The more ambitious projects focus stronger on the individuals' needs and not simply job requirements: They encompass intense employment guidance and counselling and personal development up to offering work experience. Intermediate employment projects are a good example for the latter. There is a notable shift in all countries from passively subsidising unemployment towards active employment measures. Intermediate employment projects form a platform for long-term unemployed to re-enter the labour market.



*Table 2.5: Job search and placement schemes: The projects evaluated*

**Job search and placement schemes**

- *Pomigliano Informagiovani Centre* is a resource centre and it mainly provides information and advice to any young people..
- *The Route in Leiden* mainly offers counselling and personal development to persons facing the greatest problems on the labour market.
- *Rosengård Job Emergency Ward* provides information on available jobs (mainly temporary and low-skilled) but it is very pro-active in matching potential employers with job seekers.
- *Training for Domestic Jobs in Provinces-La Cité* offers women working informally in the caring sector a vocational training for entering the regular caring job market.
- *Govan Initiative Human Resource Development* offers guidance, vocational training and, when appropriate, personal development.

*Subsidised labour market/Social economy projects.* Subsidised labour schemes with a predominant neighbourhood development focus can be distinguished from projects with a stronger entrepreneurial dimension. Some overlapping between subsidised labour schemes and third sector projects seems difficult to avoid. Neighbourhood based subsidised labour schemes that fulfil obviously a social function, as work benefits the neighbourhood. Third sector projects, linking social with entrepreneurial objectives, can be of specific importance for offering income and job possibilities for (marginalised) local people, improving the social, cultural and educational infrastructure in a neighbourhood and extending the local market supply. The entrepreneurial dimension means that a significant part of the organisation's income arises from services or products sold to the user or from contractual transactions with public authorities. The social dimension is visible in different forms: This can be either by offering disadvantaged groups the possibility to re-enter the labour market - be it on a temporary base or on a permanent base. Or the social dimension is visible in offering additional services or products that otherwise would not be offered via the market or the state. The local embeddedness and the orientation towards local demand is often seen as an underlying factor in these projects for opening up new opportunities for job creation, especially in the areas of personal, household and community services, cultural services and environmental protection.

*Subsidised labour market and social economy projects*

*Table 2.6: Subsidised labour market/Social economy: The projects evaluated*

**Intermediate labour market/Social economy projects**

Work experience and training	<ul style="list-style-type: none"> <li>- <i>Nancy-Provinces Bus Stop Project</i> which aims at social and professional integration of a „hard core“ group of local young unemployed.</li> <li>- <i>Nancy-Provinces City Fashion</i>, in which project leaders gain capacities and skills for their professional integration in the artistic field by implementing cultural events for the neighbourhood.</li> </ul>
In addition: Elements of Social economy	<ul style="list-style-type: none"> <li>- <i>Marxloh Neighbourhood Project</i>, in which local unemployed gain skills in upgrading the neighbourhood.</li> <li>- <i>Leiden Community Labour Company</i> shares the same aims of improving employability of local unemployed, and of other groups as well, by developing neighbourhood amenities.</li> <li>- <i>Leiden Zijl Enterprises</i> tries to offer every unemployed, either with a handicap or not, a job with adapted working conditions, but also makes products for the market.</li> </ul>

*Business Development.* Projects encompass efforts to work with the established company base and attract inward investment, as well as efforts to encourage new business start-ups: be it encouraging self-employment among the local community or attracting starters into the area with suitable premises etc.

Projects in this area make it easier to start up and run a business in regeneration areas, including measures against direct or indirect discrimination of population groups. For example, the access of migrant population to the mainstream system of counselling and guidance services is often focused on. Measures to promote business development promote the competitiveness of local businesses: be it through counselling and advice or measures promoting networking among the local business community. Also, infrastructural measures to allow for an expansion of the local company base and to attract inward investment are focused on.

*Table 2.7: Business development: The projects evaluated*

<b>Business development</b>	
Start up businesses/Self-employment	<ul style="list-style-type: none"> <li>- <i>Rosengård House of Entrepreneurs</i> which was set up by MSK social landlord in order to attract business to Rosengård</li> <li>- <i>Pomigliano Informagiovani Centre</i>. Among other functions, this centre counsels young people on how to start an independent business and to get assisted loans</li> <li>- <i>Marxloh Development Agency BfW as a Service Provider</i>. One of its aims is to help the local unemployed to start their own business. Attention is given to Turkish residents' projects.</li> </ul>
Support to established businesses	- <i>Pomigliano Law 488/92 and its application at local level (C.I.C.O. Initiative)</i> that gives financial incentives to established businesses
and	- <i>Territorial Employment Pact „Area Nord-Est-di Napoli“</i> as an interesting regional frame for business, human resource and infrastructural development at the local level
Infrastructural Development	<ul style="list-style-type: none"> <li>- <i>Govan Small Business Support Measures</i> that try to boost the competitiveness of local firms</li> <li>- <i>Property Development in Govan</i> as a tool to increase inward investment and allow for the expansion of local firms.</li> <li>- <i>Marxloh Development Agency BfW as a Development Agent</i> active in networking activities, project and commercial land development.</li> </ul>

### *Divergence and Convergence*

*Size and scale.* The projects evaluated vary considerable in size. For instance, in the field of job search and placement schemes Informagiovani Centre in Pomigliano received 770 „users“ from October to December 1997 compared to „The Route“ agencies in Leiden-Noord with an inflow of  $\pm 40$  persons and an outflow of  $\pm 20$  persons per agency on a yearly basis. However, the scale of services cannot be compared. Informagiovani Centre provides users with information and advice when other projects offer intense counselling activities. With all these restrictions, three broad categories can be distinguished: Among the big initiatives in the field of human resources development are for instance *Govan Initiative* (500 placements per year in training and/or vocational programmes), *Marxloh Neighbourhood Project* (260 employees in 1998) and *Zijl Enterprises* (1800 persons were employed in a subsidised job in 1997). An intermediate category in this field is constituted by *Rosengård Job emergency Ward* (40 unskilled jobs in 1998), *Leiden-Noord Route* (40 clients a year in Leiden-Noord) and *Leiden Community Labour Company* (30 regular jobs in 1998 and as much temporary contracts). The smallest category of projects is constituted by *Nancy-Provinces* projects. *Bus Stop Project* ended

up with 9 participants, *Domestic Jobs Project* was for 12 participants and *City Fashion* has some fluctuations but never more than 15 users.

*The Degree of Local.* The neighbourhood approach plays a different role. As an important factor in the projects' design and implementation it is visible in the *Marxloh Neighbourhood Project* or in the *Community Labour Company*, that both aspired to different degrees to offer local work for local unemployed and make unmet needs in the neighbourhood the starting point for the development of new services. Projects of this kind are trying to strengthen internal neighbourhood circulation processes, as opposed to projects that emphasise stronger the 'inside-out' and 'outside-in' processes, that is the interaction of workforce and capital between the neighbourhood and its wider environment. In the field of business development, Duisburg-Marxloh's approach to help local people to start their own business constitutes one pole with the approach, to bring in business starters into the area, as in Rosengård, as the other pole. The poles are transitory, that is, the future strategy in Rosengård will emphasise measures to promote more businesses with local origin.

*Actors involved.* Clearly a large number of projects involves different actors and stakeholders in the design and implementation of projects. The nature of actors involved and the form of co-operation varies widely. Case Study reports have explicitly stated the form and kind of networking and co-operation as a factor influencing success, so for example in the case of DZB Leiden or the Rosengård House of Entrepreneurs. Partnerships bring in additional resources, help to define and deal with a problem and the corresponding measures in a more integrated way. Partnerships have been a most important lesson arising from our study. It will be dealt with in different sections of chapter 3 and in chapter 4.1.4.

*The starting point of projects.* In most of the cases, the projects arrived on the policy agenda through the initiative of political or administrative actors. In some cases, we see the local implementation of a national policy, such as in the Italian *Law 488/92*. Most visible in the French case, a few projects have been generated by local people and designed according to their local needs. In order to avoid grass-roots initiatives to become fragile, they need to get access to public funding and/or mainstream programmes. Many local government officers are informally playing a big role. Among those projects that have not been initiated by the local community, but that take the needs of individuals or communities as starting points for project design, are e.g. *the Rosengård Job Emergency Ward Project*, *the Leiden-Noord 'The Route' project*, *Training for Domestic Jobs in Nancy-Provinces*. They have established client-centred approaches which focus on establishing routes into the labour market and social integration. Other projects have a more business-centred approach, working to expand the local business base. The local community is expected to benefit from spin-off effects (newly created jobs, higher demand for local services from new workforce), or more pro-active measures are taken to make sure that the local workforce participates in the newly arising job opportunities (see e.g. *Govan Initiative*)

### 3 Results from Comparative Analysis

The following chapters sum up the main results of cross-cutting research focusing on two wider and three more specific themes. The chapter on local approaches in their wider policy context (3.1) presents comparative work on geographical scale, institutional relations, and diagnoses of the problems. The chapter on strategies in local socio-economic regeneration (3.2) gives insight into comparative work on different external and internal aspects of strategies in the research areas.

Evidence arising from the single evaluated projects was grouped around three thematic aspects: Chapter 3.3 on 'Routes into Jobs and the Society' presents comparative work on job search and placement schemes as well as work experience, qualification and training schemes. The chapter 'Social Economy' (3.4) includes comparative work on projects offering services for the community, with the prospective of being economically self-sustainable to a certain degree, while also offering routes into work for marginalised groups. Chapter 3.5 on 'Business Start-Up and Development' presents comparative work on business start-up and established business development; be it in form of counselling and finance services, infrastructural development, or networking activities.

#### 3.1 Local Approaches in their Wider Policy Context

##### *Introduction*

This chapter situates the role of local socio-economic strategies in the context of wider policy developments at city, regional and national levels. The purpose is to explore some of the reasons why and how local policies have emerged in different countries. The chapter also examines how local initiatives relate to wider policies and decision-making processes. It considers whether local actions are simply adding to the raft of existing (unchanged) national policies; whether they are tending to replace them and substitute for wider action; or whether they complement and reinforce them in a coherent, carefully-planned manner. The following specific questions are addressed:

- At what geographical scale are local policies being pursued - is it the neighbourhood or something larger - i.e. how 'local' is local?
- Are local approaches becoming more important relative to city-wide, regional and national actions?
- Are they consistent with and complementary to wider actions, or are there significant tensions and contradictions between them?
- What kinds of problems do they seek to tackle and how are these problems defined?

Answers to these questions help to clarify the rationale for local actions and their relationship with the wider policies and structures of governance.

The starting point is a widespread view among practitioners and commentators that there is something new and different about the emphasis currently being attached to local action in most countries (Jessop, 1994; Geddes, 1998; OECD, 1996b; Parkinson, 1998b; Turok, 1998). It seems to revolve around three key dimensions: (i) a more closely targeted geographical scale of action, (ii) more decentralised and plural institutional arrangements, and (iii) a broader social and economic definition of the problems being addressed. By considering these in turn it is possible to situate local approaches in their proper context.

### 3.1.1 Geographical Scale

The issue of scale is clearly important in discussing local approaches. There is considerable variation in the criteria used to designate areas for priority treatment. In some cases there is also uncertainty about the scale and character of areas that would be most appropriate. Should areas be defined on the basis of social need and be kept small in the interests of local identity, community involvement, policy responsiveness and manageability? Or should they be larger to gain economies of scale and political support, and to incorporate vacant land and areas with physical development potential within their boundaries? Policy actions are generally more circumscribed in areas that are small and essentially residential in character, than where they are large, cover mixed land-uses and include sites with scope for property development.

*The issue of scale*

A range of different criteria affect area designation, including natural identity, the extent and distribution of local problems and opportunities, coincidence with existing administrative units and institutional realities, and viability in terms of population size to justify special attention and the creation of a dedicated initiative. In addition, economic, social and political processes often operate over different spatial scales with little coincidence between them. There are complex trade-offs between these and other considerations which mean that there is no simple optimum size for priority areas which fits all situations. Pragmatism is required to balance these concerns; boundaries are inevitably a compromise.

*Criteria affecting area designation*

In principle, the nature of the specific problems to be addressed should have a bigger influence on the way boundaries are drawn than statistical, administrative or political considerations. In practice, explicit rationale for area designation are rarely established, with the result that boundaries are somewhat arbitrary and coherent planning and development can be made more complicated from the outset. If the principal objectives are to strengthen social networks and promote community empowerment, boundaries should reflect natural communities as far as possible, and not subdivide them without good reason. If communities with little in common are included within the same jurisdiction, unproductive tensions may be created. These considerations imply relatively small, homogeneous neighbourhoods. This should facilitate the emergence of grassroots, bottom-up initiatives, since needs and strategies can be defined locally with maximum community involvement. A highly localised approach also promotes familiarity and accessibility, and more harmonious social relationships.

If the main aim is employment growth through economic development, designated areas should include an established business base and land with opportunities for property development. This tends to imply relatively large areas with mixed land-uses. There may be a risk associated with this in that the benefits of any development may be dispersed fairly widely and fail to improve the position of local residents in a noticeable way. If the prime concerns are housing improvement or getting people into jobs through training and job search programmes, target areas may be restricted to residential neighbourhoods. This may be suitable in situations where the wider urban labour market is relatively buoyant, but it could limit the policy's effectiveness if there is a serious job shortage in the city/regional economy.

As argued in 2.3.1. the size and internal composition of priority areas has an important effect on the kinds of policies pursued in each area. Mixed-use areas (Glasgow-Govan, Pomigliano d'Arco, Duisburg-Marxloh) tend to have broader regeneration strategies than housing areas. Besides their size and internal composition, the number of priority areas designated is also an issue (Parkinson, 1998b). There is a tension between limiting the number of areas in order to concentrate scarce resources on those most in need and increasing the number in response to political pressure to extend access to the available funds. The larger the number of priority areas the less likely it is that a given level of

resources can make a significant impact. A difficult balancing act is therefore required at city/region and national levels to restrict the number without jeopardising the whole programme by generating resentment from those left outside.

The most convincing local policies are formulated with a clear understanding of their wider city/regional context (Turok, 1998). This helps to ensure that their actions are consistent with wider circumstances, opportunities and constraints. For example, strategies to reduce unemployment in poor neighbourhoods located within declining city-regions ought to differ from those in neighbourhoods adjacent to centres of employment expansion. The former need to do more to promote economic development and job creation, whereas the latter can rely more on training and job access programmes to 'slipstream' the unemployed into the growing labour market. Policies to tackle localised poverty may also need to address the wider housing system that leads to the poorest groups being concentrated in particular neighbourhoods.

On the whole, local policies focused on residential neighbourhoods appear to be more sensitive to their wider urban systems than those in mixed-use areas. This may be because there is greater necessity for them to be externally-oriented since their areas are less self-contained. Several programmes in Leiden-Noord seek to help local residents access jobs in the wider Leiden area, where job opportunities have been growing in recent years. There is more emphasis given in Duisburg-Marxloh to helping people to start-up and expand their own businesses, partly because the wider labour market situation is less favourable. Govan Initiative targets a sizeable part of its efforts on expanding the existing business base in the area to try and create additional employment opportunities. Projects in Pomigliano appear to show less relationship to the wider urban system because this is a separate town with its own administration located several kilometres from the city of Naples. However, the development of the Territorial Employment Pact „Area Nord-Est di Napoli“ is a tool for working with other municipalities in the region on common economic and environmental concerns.

The relationships between local and city/region-wide policies vary greatly. In some cases it appears that local programmes are substitutes for wider policies, or at least pursued independently of them. Nancy-Provinces may be the clearest example, since there seems to be little formal government support for the activities. Some projects belong to broader schemes, but the local initiatives seem to bear little relationship to wider measures - they appear to be planned and implemented with limited reference to broader policies, and could be in danger of being marginalised. In other cases local programmes are clearly consistent with actions at the city-region level, particularly where they are funded by city authorities aiming to decentralise delivery and improve responsiveness to local conditions. Some of the activities of Leiden-Noord and Govan Initiative are complementary to city-wide policies because of this.

It is important for local policies to have some influence over broader policies and programmes since they are unlikely to succeed on their own (Geddes, 1998). Local actions need to be complemented by bending the mainstream powers and resources available to regional and national governments and securing support from international bodies such as the EU. This is because many of the features of problems that appear locally have wider structural origins that require more fundamental measures to rectify. Key levers of power and influence also tend to reside at national level. Local initiatives are always vulnerable to the possibility that they become inward-looking and fail to recognise the broader causes of local problems and the wider opportunities available beyond their boundaries.

Government support and sustained commitment are important in all this to create an appropriate policy and financial framework to facilitate and promote local action (Urban Task Force, 1999). Failure to secure adequate backing of national policy will constrain

what can be achieved at the local level. Experience in all the case study areas suggests that more could be done at national level to support local actions, through for example disseminating good practice, simplifying statutory procedures (such as compulsory purchase of land), providing fiscal incentives and direct resources to encourage development in poorer localities, strengthening the land-use planning framework to encourage a focus on derelict and deprived areas, and creating cross-departmental groups and committees within central government to ensure that the needs of such areas receive proper 'joined-up' attention.

As well as the tangible support available from city, regional and national authorities, there are developments at national and international levels which pose great challenges for local policies. One is the current pressure to reform statutory welfare systems and reduce benefits to groups such as the unemployed, lone parents, sick, disabled and pensioners. Cutbacks in welfare support impact more heavily on disposable incomes and living standards in poor communities than in better-off areas because they are more reliant on welfare. In Britain, Sweden and France there have also been selected cuts in government regeneration programmes which have reduced the budgets of certain local initiatives in recent years.

*The impact of national (and international) restructuring on the local level*

In addition, there is an emerging tendency to decentralise responsibility for tackling economic and social problems in the countries examined (Jessop, 1994). The process is hesitant, uneven and could ultimately go much further. The positive interpretation and underlying theoretical rationale could be that this allows support to be targeted to where it is needed most and permits problems to be tackled in a more rounded and responsive way. Stronger local institutional networks and relationships based on trust should encourage more dialogue between sectional interests and generate 'social capital', i.e. long-term commitment to local development by involving key stakeholders in joint problem-solving, policy innovation and transfer of good practice (OECD, 1996b). Improved organisational capacity should draw in additional resources by identifying and designing suitable projects for investment and tailoring services better to suit local conditions.

This trend does not necessarily involve the decentralisation of more resources or statutory powers, but rather greater local influence over the way certain resources are expended. The powers devolved to local actors tend to be more facilitative and enabling than mandatory. Local actors have some discretion and capacity to expand their roles and responsibilities by bidding for national and European funds, and by developing partnerships with the private sector. Some agencies are inevitably better at doing this than others, producing winners and losers, and resulting in a more uneven pattern of support for socio-economic development between areas. Some initiatives may amount to little more than an additional layer of bureaucracy with few positive powers but lots of scope to distract and impede progress.

### **3.1.2 Local Institutional Arrangements**

The nature of local institutional arrangements has a crucial bearing on the effectiveness of their development strategies. Institutions define problems, have powers and resources to deliver programmes, and operate within geographical and functional boundaries that can facilitate or frustrate coherent action. The ways in which institutions are organised and relate to each other also has an important influence on their impact. Three themes emerge across the case studies.

First, the *distribution of power* between institutions at different levels and with different responsibilities affects the extent and nature of policy co-ordination and integration. The

European-wide trend towards *decentralisation* of policy responsibilities to regional and local bodies and some *centralisation* of power and authority to the European Union has been characterised by some commentators as a 'hollowing out' of the nation-state. Although this is overstated, it does reflect an emerging trend and means that local socio-economic strategies are becoming more important. This raises several issues for consideration, including the adequacy of powers and resources devolved to the local level and the extent to which residential and business communities are involved alongside local *state* institutions.

Second, and related to this, there has been a shift to more pluralistic institutional arrangements, such as area-based partnerships and arms-length community-based initiatives. This can be viewed as a shift from *government*-led programmes of the past to new structures of *governance* in which policies are constructed and implemented by a range of stakeholders from the public, private and voluntary sectors. The emergence of partnerships stems partly from the decentralisation of power referred to above and the spawning of institutions promoting local development. Partnerships seek to bring together and co-ordinate these interests at the local, city-wide or regional level. Greater emphasis is also being given to various forms of bottom-up, community-led initiatives. Communities can bring greater local knowledge to bear on regeneration programmes and take ownership of issues affecting their everyday lives. One of the questions arising is whether the complex institutional relationships that emerge can be co-ordinated and oriented in particular strategic directions, or whether there are inevitable tensions and contradictions in the ways in which they are established and operate in practice?

Third, to what extent are local policies *consistent with* and *complementary to* wider actions? The narrow spatial focus of local initiatives means they represent only a part of a wider set of economic and social programmes and strategies. Local initiatives can complement wider policies or act independently. Fragmented institutions can give rise to tensions between different local agencies, especially if they are perceived to be in competition with each other. The actions of institutions operating on different scales may even directly contradict one another. For example, regional development agencies may pursue short-term economic growth objectives which undermine the position of poorer, isolated communities by focusing investment on more prosperous areas. Confusion and poor communication also hamper attempts to integrate policies across institutions and jurisdictions.

The following table attempts to stand back from the complex institutional arrangements in the case study areas and identify the key source of power and influence. It shows that in two of them policies are essentially led by the local authorities. Three are led by more pluralistic partnership arrangements and one is a bottom-up/voluntary sector project operating in the context of wider state policies. This is an interesting shift in approach: a decade ago the local authority might have been the leader in most places. Before leaping to conclusions, it should be borne in mind that this table is clearly a considerable generalisation and simplification, bearing in mind that policies may be designed, financed and implemented in very different ways, and that power to decide may reside in different quarters and levels depending on the particular policy, programme or project. In Leiden-Noord the local authority still plays a key role in policy formulation and financial packaging and in Glasgow-Govan city-wide public agencies also play an important part in financial support and policy orientation. In Nancy-Provinces, community-led projects must necessarily achieve partnerships with, among others, local authorities.



*Table 3.1: Key source of power and influence in case study areas*

Local authority-led	Pluralistic/partnership	Community/voluntary-led
Pomigliano d'Arco (Italy)	Glasgow-Govan (Scotland)	Nancy-Provinces (France)
Duisburg-Marxloh (Germany)	Malmö-Rosengård (Sweden)	
	Leiden-Noord (Netherlands)	

All the projects show signs of policy decentralisation within their countries. In some instances local authorities have been given greater powers and flexibility to implement regeneration programmes. In Pomigliano d'Arco, for example, traditional national programmes have been downgraded in favour of an expanded role for local authorities. In Malmö-Rosengård, the Scandinavian tradition of universal welfare provision appears to be giving way to more decentralised systems, involving local authorities and other agencies.

*Signs of policy decentralisation in all countries*

The role of the local authority has also expanded in Leiden-Noord as a result of efforts to break the culture of centralisation. National government still shapes the broad outline of socio-economic policies while local authorities have gained responsibility for implementation, with more flexibility than in the past. There are close relationships between central and local government and policies are the outcome of two-way negotiation. By way of contrast, policy-making in Nancy-Provinces is constructed through a more rigid administrative hierarchy.

In Glasgow-Govan, and to a lesser extent Malmö-Rosengård, local strategies have been developed by quasi-independent organisations. Their powers stem partly from local and regional authorities deliberately setting them up as area champions to act as independent initiators of local schemes. Many of their activities are complementary to those of local authorities and they straddle the divide between the public and private sectors, working in and through complex horizontal and vertical partnership arrangements which give them some room for manoeuvre. They represent a different form of decentralisation with emphasis placed on entrepreneurial local actors and professional competence.

All the case studies exhibit some degree of partnership working in decision-making and implementation, although the nature of these partnerships varies widely. Govan Initiative has developed strong relationships with a range of public and private sector actors, within and beyond the local area. It has worked with local authorities, regional development agencies, European partnerships, local schools and hospitals, businesses, property developers and multinational corporations to bring resources to the area and mobilise local potential. The local authority in Pomigliano d'Arco has been a key partner in the Territorial Employment Pact (TEP), consisting of 9 municipalities across Greater Naples working on common economic and environmental concerns. Other partners include local financial institutions, regional development and employment agencies, professional organisations and trade unions. The City and District Administrations covering of Malmö-Rosengård have developed joint ways of working. In Nancy-Provinces, Leiden-Noord and Duisburg-Marxloh, partnerships have been established between local and national or regional authorities, without formal structures for involving other organisations.

*Partnership working in case study areas*

These vertical relationships can cause difficulties because of differences in objectives and priorities. Central or regional state institutions may seek to limit the discretion available to local bodies in order to standardise service provision. Important aspects of Glasgow-Govan's business support programmes were essentially designed by the city-wide funding agencies. In Malmö-Rosengård the implementation of the city-wide General Plan for Employment created many tensions between the City Council,

Rosengård District Authority and the local housing company (MKB). The plan calls for local project flexibility within a city-wide framework but difficulties have arisen over the detailed delegation of powers and resources.

Departmentalism within local authorities emerges as a common constraint on partnership working. In Pomigliano d'Arco and Duisburg-Marxloh, departments and their subsidiaries maintain responsibility for different aspects of the local strategy. Whilst the culture of departmentalism in both cities appear to have been softened by the local projects, tensions still exist between departments around their professional traditions, administrative procedures and level of commitment to new collaborative forms of working. Local initiatives in Nancy and Govan have also experienced difficulties working with separate departments of local authorities and other bodies, citing slow decision-making, unresponsive procedures and inconsistent approaches.

There have been several difficulties in developing effective horizontal (local) partnerships to design and deliver projects. The proliferation of organisations and stakeholders has made communication, co-ordination and strategic decision-making difficult. The introduction and extension of competitive bidding as a method of allocating public resources has also undermined co-operation between organisations and areas. Competitive bidding systems may also serve to centralise power because of the key role of national government in establishing the rules and deciding between the winners and losers.

The implementation of the Pomigliano d'Arco TEP followed a chaotic, uncoordinated approach involving over 30 institutions. The delivery of labour market programmes in Leiden-Noord has been hampered by weak relationships between some partners. There has been poor communication and mutual awareness of project objectives between the local delivery agents and local (state) employment agencies, the small business community and immigrant community organisations. Similar problems are apparent to some extent in all the case studies.

Such problems are alleviated where there is a long tradition of co-operation between individuals working in different organisations. In Malmö-Rosengård, for example, officials in the local housing company and local authority departments have worked with each other for a long time. The same is true in Leiden-Noord and Glasgow-Govan. Strong inter-personal relationships generate trust and understanding, and have helped to strengthen some local organisations by providing advice and support beyond their formal obligations.

The extent and nature of community involvement in local partnerships varies greatly. In some places there has been a clear shift in emphasis in this direction. The Pomigliano d'Arco TEP has developed novel links with local employers and community representatives through a programme of meetings, seminars, conferences and discussion groups. These should help to exchange information about local projects and identify the concerns of community groups. In Glasgow-Govan efforts have been made to strengthen community ties, listen more closely to their concerns, solicit regular feedback on the quality of service delivery and involve community representatives in the formal decision-making structures of the organisation. They now make up a third of the initiative's board. The housing company in Malmö-Rosengård has established close links with tenants and developed ways of identifying their detailed needs. Their tenant-oriented approach reflects a desire to explore new, more effective ways of providing services.

All the areas have encountered difficulties in empowering the community sector. In some places community participation has been limited to representation on partnership bodies with little real power or influence. The involvement of citizens in Leiden-Noord's employment programmes resulted from national policy guidelines and did not extend very far. Duisburg-Marxloh's programmes are not accountable to local people but

upwards through an administrative hierarchy. Several discussion groups and forums have been established with sections of the local community (e.g. the Turkish business community), but they have limited influence on decision-making. Priorities are essentially set *for* rather than *by* the people.

Establishing an appropriate role for community groups is also difficult elsewhere. Projects and programmes are still predominantly led by professionals working through formal institutional structures. There are few examples of community-led initiatives having a significant impact on policy. The general pattern is of limited devolution of decision-making powers to community organisations. Common explanations put forward include the lack of community capacity and resources in relation to professionals and the public sector; low levels of community interest and worries about activist ‘burnout’; concerns about community representativeness; and realisation of the long-term commitment required to genuinely empower communities. The picture is similar for voluntary groups. Nancy-Provinces is something of an exception, since a civic organisation of youth and community work has become a key agency mediating the relationships between socially-excluded individuals/groups in the community and state institutions. This civic organisation, the associated partner Jeunes et Cité, relies upon experienced social workers with an expertise in mediation, both at individual and institutional levels.

Involving the private sector has proved just as difficult. In many areas there is little tradition of direct private sector engagement in local decision-making and little incentive for businesses to participate. This is especially true in countries with centralised governments. Glasgow-Govan has had some success in this respect, mainly by recognising that private sector involvement will be simplest on specific practical projects where a business problem can be solved (such as staff recruitment or a difficulty gaining planning permission) or a commercial opportunity can be demonstrated (such as property development).

*Involving the private sector*

In some areas local programmes are not well integrated with wider objectives and strategies. The schemes in Nancy-Provinces have been small scale and focused on specific projects, not linked into a wider agenda for tackling social exclusion. In Malmö-Rosengård, it has not been easy to depart from the centralised welfare tradition and give more focus to local areas of deprivation.

There has been better integration of programmes in some other areas. In Duisburg-Marxloh the delivery of the local projects has been linked to a Lander-wide strategy for regeneration. In Leiden-Noord there is generally a good ‘fit’ between local and regional/national programmes. Tensions in policy delivery and working relationships do emerge from time to time, but on the whole there is greater consistency between local projects and national policies. This may be assisted by the relatively small size of the country, the consensual style of politics and the familiarity between many politicians and officials at different levels.

*Integration with wider objectives and strategies*

The initiatives in Pomigliano d’Arco have been developed for the local authority area but operate within a common planning and financial framework covering the Mezzogiorno. The TEP has also sought to develop links between neighbouring authorities, including project design and implementation. Many of Govan’s regeneration programmes complement wider policy agendas in Glasgow, partly because much of the funding comes from city-wide bodies who set basic parameters for service delivery. Tensions still exist because of differences in jurisdiction and perspective. In recent years city-wide bodies have also experienced financial reductions, some of which have been passed on to local organisations in Govan and elsewhere. There is less fit with national policies and programmes, partly because of the absence of an overarching national urban strategy that recognises Govan as a priority area. Govan has benefited from national urban

programme funding in the past, but it no longer has priority area status because other parts of Glasgow and Scotland are considered to be more deserving.

Overall, the case studies show that there has been some decentralisation of responsibility for socio-economic development and area regeneration to the local level in all countries. However, the extent to which real power and resources have been decentralised has been much more limited. Central or regional governments retain considerable control over resources and are reluctant to 'let go'. This sets limits on the scale and scope of local action.

A second conclusion is that partnership working is difficult and different approaches may be needed in different circumstances. Partnerships often disguise a reality of uneven power and responsibility, conflicting interests, lack of trust and only superficial interactions between partners. There are particular difficulties involving the community and private sectors and uncertainties about their appropriate roles and responsibilities.

Third, there is a danger that local policies are pursued in isolation of, or even at the expense of, national policies. Many are discrete initiatives that leave mainstream policies unchanged. Separate small-scale actions are poor substitutes for a national strategy because of their limited levers of influence available to secure significant economic and social change.

### 3.1.3 Problem Diagnosis and Policy Response

This section examines how the problems of poor and run-down areas are diagnosed and what this means for policy responses. It starts by examining some of the single-factor diagnoses that have informed regeneration policies in the past. It then examines the logic of the newer, multi-dimensional approach, before commenting on the specific policies in the case study areas. Policies partly reflect the reality of local economic and social circumstances in each area, but also the way that these problems are defined or interpreted by the key actors and institutions involved. This depends on who is involved in decision-making and the interests they represent - whether national politicians, local officials, members of the local community, business organisations, and so on.

#### *Diagnoses of Disadvantage*

There are at least four broad interpretations of area disadvantage. Each has had some influence on policy action in certain places and at certain times in the past, whether this was explicit or implicit. Some imply the need for a strong role for the public sector whereas others suggest a reduced role because the public sector is considered part of the problem.

- *A physical environment diagnosis:* Area decline is mainly a problem of a decayed and out-dated physical environment, including poor housing, redundant industrial and commercial property, obsolete infrastructure, contaminated land and negative or inadequate land-use planning. The policy solution is to improve the quality of the built environment, upgrade the infrastructure or make the planning process more positive so as to encourage new development. The Nancy-Provinces, Malmö-Rosengård, Leiden-Noord and Glasgow-Govan areas all have some history of physical problems and consequential improvements.
- *Failure of the welfare state:* Problems in deprived areas are believed to be attributable to inadequate support from the welfare state, resulting in poor educational standards, ill-health, poverty, etc. The policy solution is to extend and improve local

public services and encourage greater uptake of welfare benefits. Some say this compensates for disadvantage rather than tackles its root causes, i.e. it is a classic welfare approach. This approach has been very strong historically in the Netherlands and Sweden, and has also featured in France and Britain. Local authorities in Britain have sometimes attempted to compensate for weaknesses in the (national) welfare state by declaring ‘areas of priority treatment’ into which they channelled extra resources for community development and social support. The current emphasis in Britain is on ‘joined-up’ policy, implying a failure to co-ordinate public policies in the past.

- *Failure of enterprise:* This holds that action is needed to overcome ‘market failures’ in business and property development, through special financial support or relaxation of regulations governing commercial enterprises. In some places there seem to be more informal or ‘black economy’ businesses than anything else. The policy solution is to encourage enterprise and investment, e.g. through tax incentives or targeted subsidies. Substantial government support for major industrial development in Pomigliano suggests this diagnosis.
- *The ‘underclass’ thesis:* In its extreme form this blames the victim, i.e. disadvantaged groups living in deprived areas. It implies that the poor are ultimately responsible for their own poverty, for being over-dependent on welfare and lacking sufficient initiative, skills or work ethic. The policy response is to withdraw or alter welfare benefits to create different incentives and pressures, aiming to get people (back) into the labour market. This approach has been more prevalent in the United States, although aspects of it have emerged in the context of welfare reform in Britain and there are pressures to extend it more widely into Europe.

In practice, all the case studies have a more sophisticated conception of their area’s problems, recognising their complexity and multi-faceted nature. Yet, most are also influenced by one or more of the above underlying interpretations.

### *The Vicious Circle of Area Decline*

There is a widespread view that local social and economic problems are locked in a ‘vicious circle’, leading to a ‘spiral of decline’. This suggests that there are specific local or neighbourhood factors at work which compound and intensify wider causes of disadvantage. The rationale for local socio-economic strategies is to intervene in this circle in order to stem and reverse the process of decline. Different policies and measures are aimed at different aspects of the process, or segments of the circle, whether physical, economic or social.

At the apex of the circle is usually unemployment, which is usually higher in the priority area than elsewhere the city/region. The underlying cause of unemployment is often industrial decline and restructuring. This itself damages the environment, causes physical dereliction and deters subsequent investment. Unemployment in turn has wider social and economic consequences, including poverty, ill-health, family break-up and low educational attainment. Local housing allocation systems often reinforce concentrations of unemployment and low income in particular places.

The most visible effects of area economic decline tend to be physical. Closure and contraction of industrial or commercial enterprises may leave a legacy of unused and under-used land, unsightly gaps in the urban fabric and redundant old buildings. Job loss may also lead to out-migration of parts of the labour force, resulting in neighbourhood abandonment and the enforced demolition of housing in extreme cases. This has further detrimental effects on the confidence of residents and investors in the area.

The social effects of unemployment include low morale and damage to personal confidence and self esteem. Young people may become disillusioned with education, leading to truancy and low achievement. Crime may become more prevalent than elsewhere. Poverty and bad housing may exacerbate poor health. Better-qualified residents may seek better economic opportunities and living environments elsewhere. Incomers to the area may be those with few choices, including minority ethnic groups and migrants who lack economic power and formal skills, and who may face discrimination. This may combine to create socially-excluded communities which lack the capacity to compete for the available economic opportunities and are weak politically.

The economic effects of unemployment include low incomes and reliance on state benefits. There are poverty traps unwittingly built into some welfare systems which make it difficult for people to take low paid work and temporary jobs without being worse off. Low incomes mean low spending power, poorer quality local shops and services, low car ownership and lower mobility. Low incomes also impact on the physical condition of neighbourhoods: privately-owned properties may be insufficiently maintained, leading to physical decay and inadequate new investment. Housing markets may not function well because there is insufficient effective demand. The knock-on effects may be further disinvestment and limited new investment, deepening unemployment and making the problems even worse.

The initiatives considered here have all attempted to halt or reverse the spiral of decline. Some actions assume that economic and social benefits will flow from increased community capacity building and improved public services. Others seek to tackle the economic problems first in the belief that economic development is fundamental and that improved social conditions will follow. Physical improvements are part of the regeneration strategy in many cases to provide infrastructure for new development and to restore confidence in run-down areas. Several initiatives promote action across all of these types of measures.

#### *Whose Diagnosis and Initiative?*

All the case study areas recognise that their problems are multi-faceted and interlinked in some ways. However, none of them represents a truly comprehensive approach, whereby economic, social and physical problems would be tackled simultaneously and in equal measure. Many initiatives have arisen out of a belief that past renewal efforts were too physically-oriented. The Swedish and French projects are particularly small and exploratory: agencies are broadening out their efforts beyond the traditional approach in social housing estates. In Sweden an innovative social housing company has widened its landlord role to get involved in training and business development. The 'socio-economic strategy' in Nancy-Provinces has emerged from voluntary organisations trying to do what they can to respond to the area's problems from the ground up.

The variety of local strategies and approaches stems from the diverse institutional relationships and roles of relevant organisations. The encouragement of local initiatives and gradual withdrawal of central government has led to development schemes being in the hands of local partnerships of various kinds and complexions. Their diagnosis of local problems and opportunities is strongly influenced by their powers and capabilities, since they tend to be practical rather than strategic institutions.

The Nancy-Provinces and Malmö-Rosengård initiatives are more bottom-up in origin than the others, so they tend to regard the problems of area deprivation from the perspective of the community and local managers. As a result, projects have been developed which are designed to assist identifiable deprived groups in the local population directly and speedily, with less consideration of the long-term consequences.

The Glasgow-Govan and Duisburg-Marxloh approaches reflect a view that city-wide authorities have not been sufficiently sensitive or responsive to the problems of deprived localities in the past. The powers of these initiatives are constrained by the discretion and resources that city governments have been willing and able to devolve. Duisburg-Marxloh involves fairly -wide ranging actions set within a regional policy framework. Glasgow-Govan is more complex: actions on the ground reflect a mixture of support from local authorities, regional development agencies, national and European programmes.

The Leiden-Noord initiative is a direct consequence of national policies, interpreted and implemented locally. The local projects reflect the national Dutch 'Big City' policy with its emphasis on the local economy, labour force development and neighbourhood improvement.

Two influences operate in Pomigliano, local and international. The local authority is ambitious to compensate for its past weaknesses and to spearhead a new development strategy for the area. The newness of the current regime means that projects are inevitably experimental and small scale. The strategy is also heavily influenced by the policies and procedures of the European Commission, through long-standing support from the Structural Funds and the recent Territorial Employment Pact.

#### **3.1.4 Conclusion**

There is something new and different about the emphasis currently being attached to local socio-economic strategies in many countries. The process is uncertain and uneven within and between countries. In some cases local policies are simply adding something rather modest in scale to existing national economic and social policies, so they are likely to prove marginal. In other cases they seem to be beginning to replace national and regional socio-economic strategies and substituting for wider action. This could prove damaging if substantial resources get withdrawn from poor areas in the process (e.g. through cuts in welfare spending). The ideal situation would be for local policies to complement and reinforce wider actions in a coherent, properly-planned manner, with careful attention to the division of labour and responsibilities between different levels of governance. There is some way to go before this is achieved.

## 3.2 Comparative Analysis of Strategies for Local Socio-Economic Development

### *Introduction*

The policies adopted within the six local areas under analysis show many distinctive ways to define what a local strategy for socio-economic development should mean. The starting point of research is our definition of a local strategy and the contents and aspects that can be recognised as strategic within the observed development approaches.

The chapter starts in 3.2.1 with explaining the understanding of strategic planning within the local context. The section makes clear that the interest for more strategic action derives from several developments.

One of the quality criteria of a local development strategy is its responsiveness to the wider urban environment and wider political and economic processes. The most convincing local policies are formulated with a clear understanding of the wider processes, that is, the consistency of local actions with city-wide and regional opportunities and constraints in which they are situated. The embeddedness of the local approach into the wider political environment has already been dealt with in the previous chapter 3.1. In section 3.2.2. of this chapter, the focus of analysis will be on the consistency of the local approach with the wider economic environment for each of the case study areas. There will also be some argument on the balance of upgrading strategies with socially based measures.

The project has defined a range of strategic components, such as co-ordination, integration, the underlying logics in the sequence of action, time-scales and phasing, the flexibility of the overall approach and the sustainability of results, to constitute essential parts of a local development strategy. This set of internal characteristics of a strategic approach will be analysed in the section 3.2.3. How strategies are developing and what makes them develop? But also: how can strategies keep being flexible and open to innovation? These are some of the key questions that will be discussed in this section.

### 3.2.1 Understanding of strategic planning

There is a common emphasis given to local development as an innovative practice to face socio-economic problems within local areas in different European contexts.

Against traditional approaches, characterised by managing assigned resources rather than strategically planning how to bring about change, by departmentalised and separated policies rather than integrated approaches, by decisions *for* local communities rather than *with* them, there are a range of criteria that mark a *local socio-economic development strategy*:

*Criteria of a local development strategy*

- A consistent and sustainable use of the *local* resources;
- A substantial involvement of *local* institutional and social actors;
- A significant community *participation* in the decision making process;
- A concrete formulation of *integrated* projects capable to involve all local socio-economic aspects;
- An efficient build of a co-operative *partnership*



- An actual promotion of a *self sustained* development mechanism.

These criteria describe the experiences in all of the research areas, to a different degree and with a different drive into mainstream policies across the countries. The examined experiences show a different ability to define a *local* strategy in collaboration with the *local* agencies, through different levels of integration between public and private bodies. To what extent these new strategies are successful, is still to be tested because most initiatives are about to begin or to get the first results.

Arguments for a more strategic approach in local development seem to revolve around a variety of key dimensions.

*Arguments for a more strategic approach*

One argument is, that with a more strategic approach decreasing funds can be directed towards the most needy and/or available funds thus are more effectively deployed. A more strategic approach then is seen to generate more 'value for money'. In times of municipal budget cuts and decreasing public funds there is a favourable environment for more targeted approaches.

The 'classical' strategic planning has been defined as setting a directive, and a 'rational' decision where to go. Co-ordination of actions and actors in this case is anticipatory, that is, it is based on planning and control. A second kind of 'co-ordination tool' is in real time, that is, co-ordination is based on discussion, negotiation, monitoring, feedback and adaptation (Alexander 1992). This kind of co-ordinated planning is about how to obtain what has been decided upon. Strategic planning - as defined in this report - is an interactive process in which a range of stakeholders create and continuously negotiate a *commonly agreed upon frame of reference* in order to pursue a common vision.

Strategic planning therefore, as it is defined in this report, cannot understand planning as a technical process in which a leading actor establishes norms to be followed. Planning is a political process, a bargaining and negotiation process to consensus-building and/or conflicts. It is no technical process that strives for the perfection of objectives and their accomplishment. Rather than that, it is clear that local development strategies need to be open, transactive and innovative processes.

More and more, the problems in urban development need to be addressed with co-ordinated and integrated, multi-sectoral approaches. The complexity of problems requires for a more strategic thinking, whom to involve with what resources and commitments for reaching what goals. At the same time, the emergence of a wide field of intermediary organisations, such as community organisations, local interest groups, professional organisations, counselling agencies, job training centres, local clubs, organisations and associations on the local level requires for a new quality in managing the urban development process.

State actors - as opposed to the traditional role as the only steering actor - are one actor alongside other societal actors. Co-operational and new forms of partnerships are symptoms of the enormous modernisation process of the whole political administrative system. A range of questions is linked to this, including the way in which certain goods, traditionally delivered by the state, are being delivered in the future. This development is positively commented by some as the new mediating role of the state. The state represents the societal values and underlying societal rights and guarantees plurality, the right to conflicts and the negotiation terms on the long run (Rödel 1989). The state *organises* the negotiation and problem-solving process, but is not the (only) problem-solving actor itself. The development is negatively commented as the withdrawal of public interests against economic interests, and the lacking power of the state to take influence on societal and/or economic developments.

A strategic (against an incremental) approach gives more attention to operationalised objectives, to clear priorities, and mechanisms for policy learning in multi-stakeholder

processes. A strategy can be a binding link between different actors as regards the definition of objectives, the commitments of involved actors, the implemented approach, the problem definition and solution. The regulation forms in this process are partly institutionalised, partly there is a constant process of negotiation between conflicting interests. Flexible integration instead of functional separation of societal systems has been commented to be one characteristics of post-modern or post-fordist regulation. In this process, many traditional elements appear still to be held and are influencing the scale and scope of local approaches in the research areas.

### **3.2.2 Responsiveness of the local approaches to the local needs and the wider environment**

In this section, the responsiveness of a local strategy to the wider environment and local needs will concentrate in the following on a few key questions.

#### *Key questions*

- In how far is the local set of externally-oriented and inward-looking measures consistent with the wider economic environment?
- How are upgrading strategies balanced with socially based measures? Or asked in another way: Does the socio-economic development process go along with growing social imbalances? What strategic decisions within the local development strategy, but also in the wider political environment are there to hinder that those with the greatest distance to the regular labour market and/or the low-qualified derive little benefits out of the local and urban development processes?
- And finally, some evidence is looked for, how the local approaches are integrated into strategies promoting urban coherence. Are local strategies contributing to urban coherence or are they rather reflecting local parochialism?

#### *External and inward orientation of the local approaches*

As argued in section 3.1, residential neighbourhoods need to be more sensitive to the wider urban system than mixed use areas. Small areas, and especially if they are of residential character, show a number of advantages in terms of community involvement, policy responsiveness and local identity, but they tend to have little development potential in economic terms. Projects and schemes in residential, small areas need to be more outward-looking. In the range of our case study areas, Nancy-Provinces (with a population size of approximately 3.500) is the smallest of research areas with mainly residential character; Malmö-Rosengård with its 20.000 population size and Leiden-Noord with its 18.000 inhabitants are considerably larger.

Larger areas tend to be more mixed in land-use and population structure and offer more relevant development potential in economic terms, but this often goes along with less local identification, and lower impact on empowerment and capacity building of the local community. Glasgow-Govan (with a population of 28.000) and Duisburg-Marxloh (20.000) are mixed-use areas, both sharing their industrial past. The research area of Pomigliano d'Arco, with a population of 43.000, and being an independent municipality, stands apart from the research areas in many respects [for a comparative view on the areas see also chapter 2.2.1].

The extent of external and internal orientation also depends on the wider economic processes. In a favourable wider economic environment, resources and efforts of a local socio-economic development agency might probably be spent most effectively on measures strengthening the interaction of workforce and capital between the area and its

wider environment. For example, by helping local residents to access jobs in the wider urban/regional area, and by measures that aim to derive benefits for the local area out of the favourable overall economic development. At the same time, however, our case study areas provide arguments that some groups, such as low qualified, long-term unemployed, or those with a great distance to the labour market, tend to remain behind, even in economies that are easily catching up workforce (see the example of Leiden-Noord). Meditating locals into the wider labour market will above all help the flexible and more easily employable people. More locally oriented, client-based and long-term measures will still be needed in order to ensure that those with multiple handicaps can take their share in the development.

In the other case, in a declining regional economy, and with stagnating job opportunities, the local potential to create jobs needs probably be more emphasised and exploited. Measures to integrate unemployed into the labour market will need careful design (such as intense counselling and side measures to increase the employability of participants, partnership approaches and co-operation with private businesses) as the competition for vacant jobs is higher. When unemployment is massive and structural, the labour market leaves no chance to people lacking expected skills and/or basic social competencies. Social insertion appears as a pre-condition before professional insertion.

In most of the areas both approaches, inward-looking and externally oriented, are reflected in the measures implemented.

*The balance of inward-looking and externally oriented measures in the case study areas*

*Malmö-Rosengård* shows a well-developed strategy in terms of responsiveness to the wider urban environment and economic processes. Rosengård, located in the urban outskirts of Malmö, came into being as part of a state-led housing scheme end of the 60ies, beginning of the 70ies. The area is characterised by a rather inflexible monofunctional urban environment. Economic measures are constituting only a small part of a wide-ranging local development approach of the leading actor MKB: As regards employment opportunities through economic development, MKB Housing Corporation so far had a strong emphasis on bringing in new businesses and new investment into the area. In labour market policy, the emphasis is - due to the residential character of the area - more on orientating the clients outside the area. Malmö is showing a satisfactory economic performance and relatively good future prospects, and thus job potential outside the area, so that the externally-oriented approach seems adequate.

*Govan Initiative* is a long established initiative that has developed over time a high local capacity in the design and implementation of both, internally oriented and outward looking measures. Among the research areas, Govan has the largest business base with some 600 firms. It is centrally located. Thus, there are a wide range of measures to expand the local business base in parallel to measures increasing inward investment. The wider economic environment is characterised by high unemployment and industrial decline, but also a growing service industry. Labour market projects for the local population thus give emphasis to both, to mechanisms integrating local people into local businesses, and in parallel, local people are trained to take up opportunities outside the area.

*Duisburg-Marxloh* shares with Govan its rise and decline linked to traditional industries. Being mixed in land use, Duisburg-Marxloh strategy shows less external orientation in comparison to Govan. With its emphasis on start-up promotion and expansion of the established businesses, the local strategy is both, responsive to the mixed local economy and the less favourable job market. The labour market measures in this perspective seem to be less strategically directed. In a wider environment characterised by stagnating or decreasing job opportunities it might have made more sense to concentrate resources more strictly on measures with perspectives to create a few permanent jobs. At the same time, qualification and training is not enough. Firm links to businesses must be

established in order to give the trained a stake in a labour market characterised by high competition.

The *Leiden-Noord* approach is different from the other research areas for the favourable economic conditions in the wider environment. The national and regional unemployment rate is low, the economy is easily taking up people. Labour-market measures in Leiden have to deal more and more with people with a big distance to the labour market and multiple handicaps. The city of Leiden developed a people-oriented model in labour market policy, comprising different sectors with different emphasis on local opportunities and inside-out measures. As the economy is easily catching up, labour market measures are oriented towards raising local people's opportunities to benefit from growing job opportunities in the wider environment. At the same time, the local fit of subsidised and social economy measures guarantees job opportunities for those with a great distance to the regular labour market.

As Duisburg-Marxloh, *Nancy-Provinces* and Pomigliano d'Arco show a lower content of strategy in terms of responsiveness to the wider environment. Being a post-war social housing scheme and the smallest residential area in our case study sample, Nancy-Provinces shows little relevant economic development potential in itself. The social integration objective is to the fore in all measures and projects developed and implemented by the not-for-profit actor Jeunes et Cité. Labour-market projects are adequately more person-centred than business-centred. The outward orientation, alongside with a more integrated approach, and a more adequate level of resources in comparison to the problems faced, is vital than for any impact on the local unemployment situation. The most convincing projects in Nancy-Provinces are the product of partnerships, while other projects - although being partly linked to policies at higher level - are short-lived and fragmented and are not likely to provide inroads into mainstream society for many of the local population or impact on their socio-economic situation.

The *Pomigliano d'Arco* case is distinctive. Here it seems that measures should need stricter local emphasis as otherwise all efforts given to local qualifications and training result in a drain away from the area. The Territorial Employment Pact seems to be a suitable instrument for linking local measures with regional development.

#### *Trade-offs between social inequalities and economic development*

The extent to which equal opportunities for individuals are pursued, growing social inequalities are combated, low-qualified and low-skilled workers are benefiting from local and urban development, is very different for all the case studies. A universalistic trend across our case studies is that the low qualified and low skilled tend to remain behind, even if the wider economy is favourable. Partly, the case studies reflect the wider values of different European orientations, partly they differ from the national strategies around equality and job creation.

Setting this debate into a wider discussion, Esping-Andersen (1996, 258) sees a trade-off between jobs and equality and distinguishes different models in response to the globalisation of unqualified labour. A wage deregulation strategy, favoured essentially by North America and the UK, is lowering unemployment rates at the expense of increasing social inequalities. The Continental Europe model, that subsidises workers to leave the labour market (early retirement), and that restores the competitive position of domestic industry, is avoiding growing social inequalities, but this strategy also blocks flexibility. The so-called Scandinavian model - in the range of our case studies best represented by the Dutch approach - stressing public employment and retraining schemes appears more

*Different models  
in response to the  
trade-off between  
jobs and equality*

attractive, leads however to heavy public sector spending and/or growing taxes (see Esping-Andersen (1996, 258).

The most interesting cases in the range of our studies seem to be Leiden-Noord, Malmö-Rosengård and Glasgow-Govan for their way to the trade-off between jobs and equality.

There is not necessarily a trade-off between economic development and social equality, as the Leiden-Noord example shows. Dutch policy of the last years can be characterised by the view that economic problems should not be treated in isolation from social problems. The stronger emphasis on social economy measures in Leiden-Noord and the openness for a debate on structural subsidies to expand jobs in this sector is remarkable in this context. Here, the potential of the social economy seems to be more and more accepted as the 'welfare state' response to and (only) alternative for hard employable groups against deregulation. A response, that is safeguarding social equality and at the same time guaranteeing economic competitiveness. However, as DZB Leiden project shows, projects within the social economy may quickly reach their blocking point. Policy makers need to give particular emphasis on the flexibility to and fro this sector. Its embeddedness into a system of incentives, but also of guarantees that enable people to change between different social integration alternatives - such as (re-)education, the regular labour market, the subsidised labour market, voluntary work, etc. - and that protects them against the risks and disadvantages (still) connected to change, is essential.

In terms of the balance between economic upgrading and social development in an area, the Malmö-Rosengård approach shows a well-balanced strategy in this respect. It is no typical approach at all for the national situation, as the labour market projects are based on the immediate integration of low-qualified and low-skilled people into the market, rather than public investments into retraining and qualification schemes. The selective 'upgrading' of the neighbourhood through the 'House of Entrepreneurs' has already showed positive effects in terms of a better image of the areas, drawing in new population groups and resources, and has had some socio-economic spin-off effects (such as lunch and small purchases of new entrepreneurs on the spot, a more lively environment through mixed use). In the future, there will be more emphasis on ways how to lever the local potential for business start-ups. While in other areas such pure selective upgrading strategy may lead to further social exclusion, in the case of Rosengård the manifold other activities of the leading actor MKB in the social and community development area helps counterbalancing economic upgrading.

In contrast to Leiden-Noord and Malmö-Rosengård, in Govan, the emphasis is still more on economic objectives, although Govan Initiative has developed over time to an initiative concerned with social and environmental issues as well. In contrast to Leiden-Noord, Duisburg-Marxloh, or Malmö-Rosengård, upgrading strategies are less counterbalanced by comprehensive social integration strategies, with less particular emphasis on the most difficult employable groups. Labour market strategies are business-oriented rather than person-centred, that is, the local labour force is tried to be adapted to the requirements of businesses and it is less the individual capabilities that are in the centre of labour market measures.

### *Urban coherence*

Are local strategies contributing to the overall coherence of the urban structure or are they reflecting and reproducing local parochialism? Decentralisation of power and the shift towards more plural institutional arrangements on the local level need not go at the expense of the overall urban coherence. There is a need for carefully embedding local actions into coherent development concepts at the urban and regional level, in general, and the local level in particular. A careful design must avoid that strong local initiatives,

especially in the context of competitive financial bidding, for example concentrate on the most employable population groups, or even (re)produce new socio-spatial imbalances, as it may happen through upgrading measures that are not embedded into comprehensive local development strategies. Competitive local action may even trigger displacement effects, or zero-sum games within the urban structure.

Local action is no substitute for social policy and concerted economic management. Locally based approaches can make a difference, but mainstream programmes have a great impact on the overall quality of life of individuals. The more comprehensive, universalistic and generous welfare states are, the more egalitarian they are in outcome (Esping-Andersen 1996, 262). The same applies to local development measures: the more generous they can be the better they can perform on the long run. Targeting scarce resources to the really needy is appealing; however ironically, narrow targeting may even nurture poverty traps and stigmatisation. More universal programmes are less vulnerable in political fights over spending and budgets. This is another argument for local programmes to strive for solid vertical integration into wider mainstream programmes.

Govan Initiative is a good example for such effective vertical integration. Glasgow, that has a traditional reputation for innovative approaches in urban regeneration, follows a two-tier approach for boosting economic development. The city's economic development agency GDA has a parallel emphasis on, on the one hand, city-wide strategies and on, on the other hand, locally based strategies in the designated regeneration areas. The latter ones are implemented by local development companies in all of the eight regeneration areas of the city. Both strategies are thought to be essential for enhancing the city's overall competitiveness in the European context. Thus, Govan Initiative sits within a complex framework of other institutional actors. The leading local actors focused on regeneration in Glasgow (the local authorities, Scottish Homes and the Glasgow Development Agency) combined themselves in a partnership known as the Glasgow Regeneration Alliance in 1993. This partnership was relaunched in 1998 as the Glasgow Alliance, and extended to include the Scottish Office (which provided funding for a small core staff), as well as a range of other private, public and voluntary bodies. Govan is one of the eight priority areas identified by the Glasgow Alliance, which has a 'vision' for each of them. Yet, despite the supporting framework, there is some way to go before all the agencies are in full agreement on their strategies for the area. Also, it was reported of tensions between GDA and the local development companies, as city-wide economic objectives may sometimes undermine the position of poorer, isolated communities.

At the same time, Govan Initiative may also be the most suitable one to illustrate the dilemmas around entrepreneurialism of local agencies and competitive bidding. The central aim of Govan Initiative is to 'ensure that the Greater Govan area will establish itself as one of the best performing inner areas of any city in the United Kingdom' (GI 1996, 2). In fact, Govan Initiative was voted being one of the top five performing small businesses in Europe in 1998, and pursues a culture of excellence within its company. While this entrepreneurialism shows its positive outcomes, it is also true that in the context of bidding for the same resources, it will not always be the most needy areas and population groups the scarce resources are channelled to, but that it is the most competitive agencies that win. In the context of competitive bidding, the exchange of experience among the local agencies will be restricted under these terms, which implies also a drain on important sources for information, innovation and learning from each other.

The most 'generous' local development measures we see in the case of Leiden. The Leiden-Noord strategy is shaped by the understanding that economic development is seen as one factor contributing to the overall aim of the improvement of the quality of life in the area. In terms of balancing the local needs with the urban coherence, Leiden-Noord seems to be the concept in which local measures are best integrated into a comprehensive

socio-economic development strategy and adding to the overall urban coherence at the city-wide level.

The former text has showed that strategic choices in the local areas are influenced by a range of factors. In some cases we see very clearly how the wider state responses to social inequalities and economic development are reflected in the local approaches and explain the emphasis around social, economic and physical regeneration, the generosity and the scope of area-based approaches. In some cases, we see the local approaches coherently embedded into city-wide strategies, in others, actions on different scales may even directly contradict each other.

### **3.2.3 Internal characteristics of an effective strategy**

The local case study approaches show a very distinctive level of *strategic degree*. A range of criteria concerning the overall effectiveness of a local strategy in meeting its objectives and meeting local needs will be analysed more in detail in the following.

#### *A vision for the area*

It is useful to stress the necessity of a compelling vision for the area. A vision need not be established right in the beginning of a development process, it also can develop over time. Experience from the research areas shows that visions need to be developed on the basis of careful analysis of the socio-economic constraints and potentials. The local knowledge, the involvement of local stakeholders in the process of the definition of the specific strengths and weaknesses, in setting clear priorities and choices and establishing a vision, is essential.

#### *Co-ordination between the actors and community involvement*

The criteria of *co-ordination between the actors* refers to the capacity of a local approach to involve relevant policy actors, local stakeholders or the community in the formulation and implementation phases. The *co-ordination* of different actors (public and private) implies a synergy between different public departments (horizontal co-ordination) including different levels in the structure of governance (vertical co-ordination), and different local actors (unions, entrepreneurs, community).

With this respect, the best performance is given by the Leiden-Noord experience. This is directly connected to the long tradition of the neighbourhood approach as a principle for policy delivery in a range of policy fields and the quality of administrative and managerial mechanisms actually available to make possible the participation and the involvement of key stakeholders and the local community. At the same time, this mechanism works well also because there is a traditional social propensity to take part in the decision making process.

Then, we find three cases (Duisburg-Marxloh, Glasgow-Govan and Malmö-Rosengård) which present a similar response to this criterion. The average lower level reached by these ones, as regards the co-ordination and involvement criterion, could be ascribed to a still powerful institutional model that may constrain a real and greater social participation. Nevertheless, at the same time, this model appears to assure a good level of efficiency in designing and implementing the interventions.

At the end, Pomigliano and Nancy-Provinces show two different approaches. In the first case, even if the political context is still influenced by a strong role of the central

administrative levels, the Territorial Employment Pact experience can be considered a good attempt to better the policy actors co-ordination and the community involvement into the formulation and implementation of the local development strategy. In the French case, while there is an evident lack in the co-ordination among the policy actors, the high level of community involvement greatly contributes to achieve positive results in the implementation of the single projects.

#### *Integration of actions into a coherent strategy*

The *integration* of different actions requires a planning activity based on the objectives of socio-economic development, which address the long term prospective and lasting results. It implies the capability either to link the single projects into a coherent strategy or to plan integrated actions inside the single project. The *integration level of the actions* refers to the capacity of the development policy to widely and harmoniously cover the main problems arising from the context analysis and achieve a comprehensive approach in the policy formulation and implementation process.

With this respect, the Leiden-Noord and the Glasgow-Govan programmes give the best performances. In the first case, this result reflects the well-designed projects based on the social activation that really comprehends a broad set of integrated actions. The good performance of Govan Initiative is more connected to the fact that in the long time of its establishment, the local economic development agency has learned to exclude less effective policies and increase professionalism in its activities.

The intermediate positions entail to the Duisburg-Marxloh and the Malmö-Rosengård programmes, while the lower level of integration is defined by the Pomigliano and Nancy-Provinces experiences. The Italian case probably suffers from the end of the *extraordinary intervention period* (a centralised model targeted to the development of the South) and is still about to really implement a new approach in which the project integration assumes a significant role. The French performance, instead, depends on either the nature of the projects that are limited to single actions, or the weakness of a broader local development strategy.

#### *The inner logics in the sequence of action of the local development approach*

In how far is there a 'stringent motive' underlying the sequence of actions? Or is the logics of a local intervention mainly driven by pragmatically responding to arising (e.g. funding) opportunities? A clear articulation of the logic of a programme in relation to needs concerned, and a clear and coherent system of objectives are quality criteria of a local approach.

Such stringent logics is visible in the way Malmö-Rosengård social landlord is going about the development of the area, in promoting economic measures within a wide scope of local measures, in establishing strong partnerships for the aim of area development, in a vision for the area. The partnership mechanisms established by MKB are of strategic importance to the local approach, and its integration into the wider environment. The partnership approach brings in specific knowledge of key economic organisations into the area and to the local entrepreneurs.

It is also visible in Govan Initiative in the process the initiative began reaching its 10th year of existence. Strategic approaches are *pro-actively creating structures and opportunities* rather than being driven by them. Obviously, personal leadership, local knowledge, commitment and experience of staff are factors influencing the local strategic capacity.



For both of the above mentioned initiatives decisive factors of success are the long establishment in the area, charisma and flexibility of the leaders, networking abilities, and entrepreneurial attitude.

A consequence raising from this is that local strategic power needs to be allowed to be built up and developed over time. It develops with growing local knowledge, and with the establishment of networks. This process will usually take more than some 3 to 5 years (which is the normal funding arrangement). Factors influencing this are the long-term approach, the scope given to local actors to develop their own priorities and design their own projects accordingly, the flexibility, innovativeness and openness of the local institutional setting.

In the case of Nancy-Laxou, this local strategic capacity is hampered by the short and ephemeral funding of projects and the lacking integration of local projects into wider policies. Duisburg-Marxloh approach has been incremental rather than strategic in the beginning. Local action in the beginning, especially in the domain of labour market policy was shaped by arising funding opportunities and the need to administer huge funds in short time. It starts to develop more strategic capacity in its 5th year of establishment. There is a long-time commitment of political actors, but strategic capacity is somehow hampered by the dominance of the political system. In the Dutch case, successive national policies have built a stable framework for neighbourhood based approaches and the traditional ability to reach consensus are factors promoting local strategic capacity. In the Italian case, the local strategic capacity is being built up with more decentralised policy structures.

#### *Time-scales and phasing*

Appropriate time scales and phasing arrangements play a critical role in the effectiveness of a local strategy. The existence of exit arrangements and an appropriate period of intervention in an area are essential for a sustainable process. As regards the intervention sequences, the case studies show quite different experiences. As mentioned above, the policy in Leiden is shaped by several succeeding national policy frames in which the local neighbourhood approaches developed over time. Quite to the contrary, the Nancy-Laxou approach stands for a short-term and ephemeral approach that is not likely to provide many inroads for local population into mainstream society or have bigger impact on the overall quality of life in the area.

#### *Flexibility of the approach*

The flexibility of an approach is crucial in responding to the actual needs and the unpredictable changes in the territorial and socio-economic dynamics. Innovativeness and flexibility is promoted by planning and institutional cultures that promote learning from failures, and that encourage systematic feedback to the policy responsables, be it in form of regular monitoring, of discussions with local stakeholders about evaluation and research results. Also the exchange of experience with similar agencies in the local/regional context and beyond, is important. Funding arrangements can play a role in stipulating flexibility and innovativeness (see also chap. 4. 1.7.). A good performance in this respect we see in Glasgow-Govan, where Govan Initiative promotes a culture of excellence and has established a well advanced monitoring system that controls the effectiveness of actions.

Innovation will be best established in a planning culture that extends the relation between public and private to a policy arena in which state actors, community and economic actors are striving for problem solution.

The monitoring activity, indeed, seems to be a missing aspect in many of the experiences (see also chap. 4.1.8.).

#### *Lasting and sustainable results*

This criteria concerns a steady process towards structural change. From a general point of view, a strategy cannot be well defined when it does not achieve lasting and measurable results, which allow for structural changes in deprived socio-economic areas. Adequate time scales and resources, the effectiveness of the management process in responding to local needs and potentials, flexibility and entrepreneurialism, are essential in order to achieve significant results in the area of reference. Leiden-Noord and Malmö-Rosengård seem to better perform with respect to the entire criterion.

### **3.2.4 Conclusions**

The most important aspect arising from comparative work concerns the common emphasis given to local development as an innovative practice to face socio-economic problems within bounded areas in different European contexts.

The emphasis on the local, that is, the use of local resources, the involvement of local actors, the building of partnerships, the participation of the local community in the decision making process, the integratedness of the process is uneven across the countries. In this process, many traditional elements appear to be still held, making a local strategy not completely fulfilled or defined. In some cases, especially where there was a traditional aptitude to involve community and social groups in the decision making process, the arrangement of a local development approach appeared more successful.

There is a need for a more strategic approach in local socio-economic development. Strategies to combat unemployment, to provide inroads for the local population into mainstream economy and society and to increase the quality of life in the neighbourhood call for integrated, co-ordinated and multi-sectoral approaches. There is a need to steer the process in co-operation with local stakeholders, establish a common vision and priorities in the process in order to achieve a substantial impact on the area.

The chapter has focused on several aspects of strategic action. First, on the aspect in how far the design and priorities of the local approach have been consistent with the local opportunities and the economic processes in the wider environment. It also focused on the balance between economic measures and measures favouring social equality and low qualified persons. Thirdly, some evidence has been searched for how the local strategies contribute to the overall urban coherence.

The most convincing strategies manage to establish a compelling vision for the area, secure the commitment of relevant stakeholders in the process, achieve some influence over mainstream programmes and policies, and secure adequate funding. They keep flexible and innovative as regards local needs and potentials and establish mechanism for policy learning.

### **3.3 Routes into jobs and the society**

#### *Introduction*

Notwithstanding differences in national approaches, local development strategies against unemployment share in common (their potential) to be integrated or 'holistic'. The traditional policy of employment services against unemployment, either at a local or a more centralised level, is to facilitate job placement mainly by an attempt to adapt labour supply to the requirements of labour demand through appropriate information, training, etc. But information on jobs and training opportunities is definitely not enough for giving the long-term and unskilled unemployed access to work. Most selected projects explore more ambitious routes against unemployment and they take two apparently opposite directions.

The first one is to increase labour demand through business development. When new firms settle or when existing enterprises expand, it is assumed the local unemployed get more job opportunities. But, without adequate vocational training, it is an unrealistic prospect when new jobs are highly skilled. Whether from the locality or elsewhere, applicants meeting job requirements will be selected (for business development projects, see 3.5). The second route promotes human resource development and takes into account individuals' needs and not simply job requirements. This policy is usually implemented in either subsidised jobs schemes or social economy projects. The scope of social economy is wider than only providing a job to the unemployed that cannot meet market requirements. Social economy projects show an entrepreneurial dimension. They address issues such as new services answering needs unmet by the market but, when they are successful, they tend to become self-sustainable and to create a few permanent jobs (for social economy projects, see 3.4). The main issue is how work experience, qualification and training acquired in a subsidised work scheme and/or a social economy project increase the capacity of individuals to get integrated into the labour market and/or into society.

This chapter discusses different routes into jobs and the society. It analyses the role of job search and placement schemes (and self-employment) in providing local unemployed job and social integration opportunities. It then discusses the role and scope of subsidised jobs, work experience and training in case study areas. Subsidised jobs are subject to controversial argumentation. The section explains discrepancies between aims and results of subsidised work across the countries by discussing (a) the distance between subsidised labour income and welfare benefits, (b) national differences in the way how to deal with subsidised jobs becoming permanent, (c) the degree to which national regulations keep subsidised work schemes out of market activities, and (d) the potentials to create an 'social added value', especially through promoting voluntary work. Four factors influencing success and failure in the case study areas have been identified, that will be discussed in the remainder of the chapter. The relevance of partnership approaches, the role of financial incentives, the economic context and the relevance of local are emphasised.

#### **3.3.1 Job search, placement schemes and self-employment**

Dissemination of information on available jobs is of course a pre-requisite for job search and placement schemes. But evidence from various countries definitely shows it is not enough, both for the development of a disadvantaged area and for the professional integration of the low skilled and/or long term unemployed. In Pomigliano,

unemployment is very high and job opportunities are missing. Informagiovani Centre can only provide information on job opportunities elsewhere. It helps dynamic local young people ready to move out to get a job but, from a local development perspective, it is unable to prevent a 'creaming off the elite' process.

For the low skilled and/or long-term unemployed, Govan Initiative has a very coherent strategy towards local enterprises as potential employers. For easing up recruitment of local unemployed, enterprises receiving funds from Govan Initiative must agree to admit for interview the unemployed following a training. But being interviewed is not enough for being selected. Most local unemployed are unable to meet job requirements and Govan Initiative has a long record of failures in this field. For overcoming this handicap, the Route in Leiden adopts a 'client oriented' approach. The main aim is to help people to restore confidence in themselves. It is a rather long process and the acquisition of social skills comes before strictly professional skills. The target group are people from the neighbourhood with a great distance from the labour market because of their capacities and their long-term unemployment. They cannot be helped by the regular 'routes into jobs' organisation.

In short, two projects, Job Emergency Ward and Govan Initiative Human Resource Development, are business oriented and, either with or without training, the work force must meet job requirements. The Route and Training for Domestic Jobs Project are client oriented and strongly committed in helping them, whatever their handicaps. Informagiovani disseminates information in a more neutral and passive way.

The impact of these projects on employment of the local unemployed cannot be precisely assessed. Nevertheless, they have positive effects as facilitators. However, providing a decent job for the long term and unskilled unemployed is a tough challenge and projects specifically targeting this population face a rather high rate of failure. Their results can be interpreted in two ways, it is the famous question 'whether the bottle is half full or half empty'!

In some projects, the relationship with employment agencies must be clarified and sometimes redefined. In Leiden, the Job Centre would like to see the Route social workers coaching their clients up to the point they are able to take some initiatives and then passing them on for the job search. But taking into account the person in a holistic approach does not allow such a division of work among institutions. The relations between Job Emergency Ward and Employment Services seem limited, presumably because Job Emergency Ward targets a 'niche' (temporary and unskilled jobs) which was left aside by public Employment Services.

Employers' complaints about local unemployed in Govan very clearly show an unemployed person needs more than an appointment for an interview with a potential employer before getting a job. When the real aim is getting a job (which is not always the case), the interview must be carefully prepared for being successful.

Everywhere, the precariousness of most jobs offered is blatant. Whether a temporary, unskilled and low paid job is a first step, which increases the opportunities of getting a better job later on, is a controversial issue. Rosengård Job Emergency Ward raises this interesting issue. Slight evidence shows it might help in some cases.

In Nancy-Provinces, Training for Domestic Jobs shares with Rosengård Job Emergency Ward (and also Leiden Community Labour Community) to positively view at part time jobs. But reasons here are very specific, as participants are not interested in a full time job. They want to keep a balance between a paid job and caring their own families and homes. It would be interesting to know what will happen on a longer term. When children get older and more independent, will a part time job remain attractive? This project is also the only one to raise another issue, how to transform an informal activity

into a formal work bringing more security? The answer is first through a training delivering a formal certification. It is also by encouraging these women not to look only for jobs in private homes but to consider caring institutions as acceptable workplaces.

In the field of routes into jobs, self-employment is another relevant category, even though its quantitative impact is limited. When prospects for getting a regular job are non-existent, many unemployed are tempted by creating their own businesses. But they face considerable obstacles: Lack of initial funds, lack of expertise in managerial and administrative issues, illusions on market potentialities, etc. Therefore, the 'mortality' rate of such businesses is usually very high. For transforming these fragile projects into viable ones, a human resource development strategy offers assistance through counselling, training and sometimes financial means (assisted loans, etc.). But only sustainable projects can be supported and it implies a selection. As noted in Marxloh, a business adviser may sometimes have the painful task to explain why a start-up project is not credible. Self-employment is not a route into jobs for the unemployed, it is only a risky footpath. For most of the unemployed, especially the long-term unemployed and low-skilled, self-employment is more a dream than a realistic prospect. Only a minority with capacities, skills, some initial funds and a strong commitment may achieve it. *Chapter 3.5 on business start-up and development will expand more on this.*

Two contrasting projects are interesting to compare for their opposed attitudes towards self-employment. Marxloh Development Agency BfW specifically supports self-employment among local unemployed when Govan Initiative pays less attention to it. Govan Initiative has a self-employment unit as part of its business Start-up Programme. But, following national and EU criteria, it has been more proactive in the creation of small and medium industrial enterprises. The promotion of self-employment as a mechanism for reactivating the local labour market is seen as inherently limited. However, there might be some 'niches' for a few self-employed as craftsmen or in personal services (catering, leisure activities, etc.). This is the choice made by Marxloh BfW to support very small businesses, which create limited jobs but bring new amenities and make the neighbourhood more attractive. An immediate result needs to be emphasised. Four out of five sustained starters are Turks. This 'positive discrimination' in an area where about a quarter of the population is of Turkish origin is an important message. The emergence of Turkish entrepreneurs contributes at the transformation of negative images against Turkish 'guest workers' and it helps empowerment of the local Turkish community. Nevertheless, their impact needs to be assessed on a longer term: How many will survive and expand and how many will disappear? Govan Initiative might appear wise in betting not too much on self-employment.

### **3.3.2 Subsidised jobs, work experience and training**

Every selected project shares two common values. Whether it is the main aim or part of a wider and more complex set, every project includes a dimension of work experience linked with follow up and training as crucial for achieving human resource. Furthermore, every project sees human resource development as a process allowing both economic and social integration of the unemployed. These two aspects cannot be disassociated. A work experience does not only provide a job, it also gives a place in society, introducing into social networks, bringing self-confidence and a positive recognition by others, etc. Therefore, even when the unemployed do not immediately get a job, this work experience proves to be invaluable in easing up a social integration process and sometimes job integration at a later stage, as in Nancy-Provinces Bus Stop Project. But evidence from Marxloh and Govan shows it does not always work this way.

Subsidised jobs schemes are part of a strategy, which gives the unemployed a transition before getting a regular job. Unemployed people lacking required capacities and skills

will gain them through a work experience that gives them a better position for getting a regular job afterwards. To a certain extent, this human resource development strategy is implemented all over Europe. Every selected area has at least one project of this type. They may provide positive results for some individuals, as in Nancy-Provinces Bus Stop Project for example. But, from a more global perspective, this strategy is subject to major criticisms that are clearly expressed in Leiden-Noord.

The underlying assumption sees the lack of capacity and skills as the first cause for unemployment. With a better training, the unemployed will become employable and therefore get a regular job. This is a very controversial view. It may occur when the economy is booming and looks for additional work force. But, when unemployment is massive and structural as in traditional industrial areas all over Europe, improved capacities and skills are not enough for giving every unemployed a fair job, as it is clearly evidenced in Leiden-Noord, Govan and Marxloh. A subsidised work experience is not always a route towards a regular job, it is sometimes a dead end<sup>8</sup>.

It is usual to consider schemes relying upon subsidised jobs as independent from the market. But their relationship appears to be much more complex and these projects are very much submitted to the market. In a long-term perspective, the standard strategy of work experience through subsidised jobs is temporary. It is market oriented as the main criterion for its success is integration into the regular labour market. Subsidised jobs should be a short transition between unemployment and regular work. Therefore they should not become permanent jobs.

Furthermore, most national regulations and policies tend to restrict the role and scope of subsidised jobs for various reasons: (1) It requires public funding and consequently tax increases, whether at a local or national level. (2) Policy makers are afraid of shaping a society fragmented in two tiers: a self-supported population on the one hand and an assisted population relying upon benefits on the other. Limitations on subsidised jobs are considered as a push up factor towards regular jobs. (3) Social economy schemes might become 'unfair competitors' as they use a cheap labour force, disturbing market regulation. Subsidised jobs are therefore restricted to needs unmet by the market.

These three assumptions are arguable: (1) A subsidised job might become cheaper than the total amount of benefits. (2) For the unemployed, what is the future after a subsidised job? Is it simply back to the dole? The criticism expressed against business development schemes is also applicable at subsidised work and/or social economy projects: They help the better ones and bring no long-term solution for the others. (3) Labour is cheap but capacities and skills are missing. Therefore productivity is low and the 'competitive advantage' of the social economy entrepreneur is a myth.

The last point raises another issue, mainly evidenced in Govan and Marxloh. Most of the unemployed used to be industry workers when job creations mainly are in the service sector. A subsidised work experience in the manual sector is adapted to their capacities and skills and it allows to satisfy unmet needs in the neighbourhood, as in Marxloh. But it does not prepare to get a regular job. When subsidised work schemes are limited to marginal fields that do not interest the private sector, they do not prepare for regular jobs. Whether they prepare for 'emerging jobs', which will become tomorrow regular jobs, cannot be taken for granted.

The virtues of work experience providing social integration without a regular job should neither be dismissed nor overrated. On the one hand, when holders of subsidised jobs have no realistic prospects for entering a regular job, work experience might be negatively perceived as assistance or charity. They feel themselves as *inutiles au monde*

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<sup>8</sup> By 'dead end', we mean a subsidised job, which does not prepare to get another job at a later stage. But we are aware it may be much better than remaining fully unemployed.

(‘useless in/for the world’, Castells, 1995). It is part of a disaffiliation process starting with a negative self-image and leading to a ‘social death’. It is clearly expressed by some participants in Govan Initiative and in Marxloh Neighbourhood Project.

On the other hand, making the distinction between paid employment and voluntary work (or social activity), many welfare benefits recipients resent their uselessness as a consequence of their isolation. They are happy to enter a voluntary job scheme as in Leiden Zijl Enterprises. It provides them a sense of social utility together with an introduction into social networks. These issues are very controversial and what is suitable in one case may have perverse effects in another.

Govan is a good illustration of a frequent vicious circle in which the long term and unskilled unemployed are caught: When they look for a job, they do not meet the requirements and are left aside. When they enter a training programme, which is supposed to give them additional skills, it is not very efficient for a set of intertwined reasons: Many of them lack basic skills in literacy, etc. Furthermore, they do not believe in the virtues of education and training, which used to be unimportant for getting a manual job. It is therefore a self-fulfilling prophecy: They do not believe in training and their failure afterwards proves they were right. This is a main reason for experiencing in various places an alternative strategy. The long term and unskilled unemployed, and/or young people who left school without any certification, will better gain professional capacities and skills through practice. They get a subsidised job which values work experience and includes related elements of training. But here also discrepancies between aims and results need to be analysed. Four issues are interesting to compare because they receive different answers from one country to the other:

*Differences  
between aims and  
results across the  
countries*

*a) Financial incentives*

In Germany, and to a lesser extent in France, a subsidised job usually provides a higher income than welfare benefits. The financial incentive for entering a subsidised work scheme is clearly evidenced in Marxloh Neighbourhood Project. It is very different in ‘Welfare States’ such as Sweden and the Netherlands. Benefits are higher and evidence from Rosengård Job Emergency Ward, Leiden Community Labour Community and Zijl Enterprises show a paradoxical result: Specifically for part-time jobs, welfare benefit recipients may have a reduced income when they enter a work scheme. It has of course discouraging effects. As evidenced in Rosengård Job Emergency Ward, some participants rather prefer to take such a low-paid job than to remain at doing nothing. It clearly illustrates the central value of work in European societies.

*b) Temporary vs. permanent subsidised jobs*

Initially, every subsidised work scheme was conceived as a transitional measure, facilitating further integration into the regular labour market. National regulations are very strict on this issue in Germany (usually one year, never more than three years), as evidenced in Marxloh. But it raises the issue of what to do at the end of a subsidised job contract when the slightest prospect for a regular job is missing. The global trend in Europe seems to allow longer subsidised work periods. France used to have subsidised jobs of only six months. Since 1998, a new subsidised work scheme offers five-year contracts for young people.

Although it is not openly expressed, evidence from Leiden shows the Netherlands admit a subsidised job may become permanent. It can be positively appraised as a pragmatic and realistic measure. Some long-term unemployed are too far from work for ever getting a regular job. For individuals as well as for society as a whole, the cost-benefit balance

may well be in favour of a permanent subsidised job. But this is a very partial view and Zijl Enterprises waiting list shows the issue is more complex. Without creation of a large amount of new subsidised jobs, the system will quickly reach its blocking point. The extension of existing subsidised contracts might lead to a closure and prevent newcomers, specifically young people, to get a subsidised job. Long term vs. young unemployed is a painful dilemma.

c) *Which work experience?*

German and French regulations impose to keep subsidised work schemes out of the field of market activity.<sup>9</sup> Evidence from Marxloh Neighbourhood Project shows negative effects. The content of their work experience is not transferable into a regular job, which requires other skills. They are therefore ill prepared to enter the regular labour market.

As a matter of fact, the aims of Marxloh Neighbourhood Project are ambiguous and need clarification. Either unemployed manual workers are underpaid for fulfilling low skilled but useful tasks for the community or they are preparing their integration into the labour market. In the former case, they should get a different work experience, preparing them to meet new job requirements. In the latter, it would be relevant to give them a permanent subsidised work contract.

Instead of isolating subsidised work schemes as in Marxloh, Zijl Enterprises seem to be successful in following another pattern: an integrated public-private partnership. Zijl Enterprises are economic actors, they select easy-to-do activities and subcontract with local firms. Although no evidence is available, we may presume this close relationship helps the placement of Zijl enterprises employees into partner firms.

d) *The promotion of voluntary (unpaid) work*

The high level of benefits is a main reason for the success of voluntary work schemes in the Netherlands. Specifically early retired and disabled persons can make a decent living with their benefits. They are happy to enter a voluntary job scheme, which gives them opportunities for meeting people and doing something useful as in Leiden-Noord Community Labour Community. The concept of 'social added value', as defined in Leiden, is relevant and applicable.

In France, the 1998 Law against social exclusion gives now a little more positive consideration to voluntary work. Before, the unemployed active in voluntary work were very suspiciously looked at by the Employment Agency: First, voluntary work might be 'moonlighting' and second voluntary work might become an obstacle for immediately taking a regular job which might be offered. Before 1998, the paradoxical result was to condemn unemployment benefit beneficiaries at doing nothing except searching a job. However, promotion of voluntary work cannot be taken into account when a decent income is not available.

In Leiden, the project deals with a more heterogeneous population. It includes unemployed with various professional backgrounds, but also convicts on a probation time, teenagers looking for some pocket money and volunteers pleased to work for free. Activities are more diverse and require specific skills (second hand shop, printing workshop, etc.). Here also, bringing new amenities is implemented and the project creates a 'social added value'. But many long-term unemployed are not found in a better

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<sup>9</sup> It is not so true since 1998 subsidised scheme for young people. In this new scheme, the aim is to create subsidised jobs addressing needs unmet now by the market, but which might become regular jobs by the end of the process. It is too early to assess how successful this strategy will be.



position for getting a regular job which still appears out of reach. Without admitting it openly, Leiden local authorities seem to accept some individuals will stay in the scheme with no time limit.

Marxloh Neighbourhood Project and Leiden Community Labour Community have similar global aims. Through a subsidised work scheme, they offer the local unemployed to do something useful for the community and to improve their professional prospects at the end of their participation in the scheme. In Marxloh, which was knocked down by the closure of large steel factories, the focus is on redundant ex-steel manual workers who are invited to be active in the physical regeneration of their neighbourhood. Many of them seem to enjoy it, but it looks as a 'hobby' and not as a real work preparing them for a regular job afterwards. At the end of the project, the big issue is what to do with these elderly unemployed? It might sound reasonable to offer them to keep going on, but it would require changes in German regulations.

Marxloh Neighbourhood Project is also a clear example for a second phenomenon which appeared later and seems to be not only a matter of individual cases but also a more structural trend. When the Neighbourhood Project grew in size and importance, it faced staff problems. Preference was given to young unemployed, not necessarily local this time, but with skills in social work, managerial issues, etc. This group is numerically less important but they follow a very distinct pattern. Their work experience is an asset, which is very helpful in their job search afterwards. A first interpretation gives a positive assessment of this trend. The Neighbourhood Project is successful and it fulfils the aim of facilitating the professional integration process of these young skilled unemployed. However, a more cynical view can be opposed. Instead of recruiting skilled staff members at a regular wage, the project allows to use capacities and skills at a very low price. Each view may encapsulate elements of truth.

This contradiction is present at a larger scale in Zijl Enterprises, with skilled and unskilled employees as well. They work very closely with a full range of firms. From a strict economic perspective, these firms are in front of two options: They may either do the whole task internally or externalise part of it and subcontract to Zijl Enterprises. For transaction cost analysis, firms (and it is applicable to local government) select the second solution only when it appears cheaper and more convenient than creating regular jobs inside. Many national regulations, first in Germany, try to overcome this contradiction by restricting subsidised work schemes to non-market activities. But immediately a new contradiction emerges. As earlier noted, capacities and skills gained in the work scheme are obsolete and useless for getting a regular job.

In Nancy-Provinces, two projects are specifically oriented towards youth and they include an artistic dimension, but every one of them follows distinct aims. Many teenagers, possibly more in disadvantaged areas than elsewhere, are dreaming of becoming an artist. But of course a vast majority fails as the sector of artistic professions is highly competitive and selective. City Fashion wants to improve community life in the neighbourhood by artistic projects and also to help highly committed young people to create and to prepare their professional integration. City Fashion projects definitely contributed in making the neighbourhood more attractive. They may be negatively assessed considering their limited scope in terms of professional integration of a handful of individuals only. But it is an inexpensive project and it may have a paradoxical positive effect. Young people dreaming of becoming a famous star are faced with reality. They discover constraints and requirements. Even if it is a painful phase, when they become aware they will never be professional artists, they are forced to build more realistic projects.

Nancy-Provinces Bus Stop Project is very different. Emphasis on art creation is a way to attract young people creating trouble in the neighbourhood with an appealing challenge.

But the aim was never to prepare them to any definite profession, whether artistic or not. The main aim was to allow their social integration and it was effective in bringing an improvement in living conditions (decrease in vandalism) and helpful for getting a job at a latter stage.

### **3.3.3 Factors influencing success or failure**

#### *a) The economic context*

It is obviously easier to get a job when the economy is booming and when the labour demand is wider than the labour supply. Even unskilled workers will find something. Inversely, when the economy stagnates, employment decreases and competition among job seekers increases, predominantly but not exclusively at the expense of low skilled workers who do meet job requirements. This is the very context in which work schemes facilitating the employment process make sense. But evidence from every case study shows it is not an easy task to counterbalance these so-called 'natural' trends. Even when 'disadvantaged' groups are firmly targeted, the 'less' disadvantaged will do better than the 'more' disadvantaged. Furthermore, these processes may have unintended effects of stigmatisation.

Job creation has a global ('macro') dimension which cannot be addressed at project and/or area level only. Different ways are now explored all over Europe: (1) New jobs as an answer to needs unmet yet by the market, as it clearly appears in the Marxloh Neighbourhood Project Approach and Leiden Community Labour Company (see before). Generating demand and supply for personal and community services, especially at the local level, is believed to open up new sources of employment. The social economy or the third sector is perceived to be the way ahead (EC, EF 1999, 14ff) (2) New jobs as a reduction of individual working hours consequence, but it is a complex process which requires tough negotiations (at local, national and EU levels) between governments, employers and unions. This second and recent trend has no visible consequence in the projects selected here but it is an essential contextual factor. More jobs and more free time for everyone are becoming the big issue all over Europe. (3) Wage flexibility in order to increase the demand, especially in the services sector. Wage and labour market flexibility is the American way to job creation. However it goes along with growing social inequalities (Schmitt et.al. 1998; Freeman, R. 1995). For this reason, it is not seen as the way ahead to sustain a „European social model“.

#### *b) Partnership*

Partnership is a nice and fashionable word but extremely difficult to implement. Alone, no single institutional actor can succeed in the fight against social exclusion. Everyone has a part to play but many problems emerge. Case studies bring evidence of the difficult co-operation and the lack of co-ordination between local government and local enterprises, but also among public actors at local, national and, increasingly, EU tiers. Social work, social housing, employment services, schools, etc., tend to ignore each other and to act independently.

Picking up a few good examples, in Rosengård the social landlord is a key partner in House of Entrepreneurs and Job Emergency Ward projects, which is very far from its traditional role. In Nancy-Provinces, Bus Stop project could not succeed without involving social and youth workers, local authorities, the Bus Company and the Maintenance Company. The success of Govan Initiative and Zijl Enterprises is a product

of strong partnerships between local authorities, firms, training institutions, funding bodies, etc.

Arising from our investigations, partnership is probably the most important lesson to keep in mind in terms of 'good practice' in the field of routes into jobs and society. However, partnership should not be idealised. It implies a global and cross-departmental approach, but this requires huge changes. The frontiers of professions and institutions must be redefined but this does not mean they should disappear. For working with others, every profession and/or institution has to change its traditional practices but without losing its specific missions and identity. Partnership is a long process of apprenticeship of collective action. It is time consuming and, at the same time, a quick answer is required in most cases.

c) *Financial incentives and motivation*

In Sweden, and to a certain extent in some other countries, the relatively high level of benefits has a perverse effect. Some social benefit recipients may experience a loss of income when they accept a low paid and/or part time job as they are no longer entitled to benefits. This of course discourages them to take the job (even if some do). This is by no means a justification for reducing the level of benefits. It has the positive aspect to give benefit recipients some freedom in the choice of a convenient job as they are not forced to take anything. Although it is difficult to implement, a better solution might be a combination of a low wage and a reduced benefit protecting against an income loss.

Motivation is a crucial issue and it is far to be exclusively financial. As evidenced in Govan (but it is relevant elsewhere as well), many long-term unemployed are not looking any more for a job. Their strategy is to apply only for keeping unemployment benefits. It is another self-fulfilling prophecy : They do not get a job because they do not want it. Therefore, projects such as the Route in Leiden and Bus Stop in Nancy-Provinces, whose main aim is to help the target group in restoring a positive identity, play a very important part. This dimension is essential in any project and this is another lesson to remember from our research.

d) *The relevance of „ local “*

'Local' is another ambiguous word (see 3.4.2) and it is used with various meanings in different projects, and sometimes in the same project. In Marxloh, for example, local may mean three levels: (1) Marxloh area itself, (2) a wider area, approximately North of Duisburg, (3) the City of Duisburg. In Marxloh Neighbourhood Project, these three dimensions are mobilised at the same time. The physical regeneration is at Marxloh level but employees are recruited outside Marxloh in Duisburg North and further employment after the project is considered at Duisburg level. (One of the self-employment projects supported by the Development Agency is located in Duisburg centre).

The challenge is how to co-ordinate what is done at these three distinct but inter-related scales. The tension here is between a strategic planning which requires firm decisions on the long term and therefore a 'top/down' approach, and a 'bottom/up' approach which tries to incorporate individual initiatives and requires flexibility and adaptation.

A local approach of job integration has both positive and negative aspects. The access to facilities and services at the local level is important for socially excluded persons who often are reported to have a very low radius of mobility. The next section on the social economy will explore more in detail the benefits of local design and implementation for work experience and qualification schemes. Many people are pleased to work in their neighbourhoods. But others will enjoy putting some distance, as expressed by some

Leiden Community Labour Company employees. We may add people who dislike the job they are doing will probably prefer not to be seen at work by relatives and friends. These aspects tend to be underrated in employment schemes emphasising the virtues of 'local'.

### **3.4 Social economy projects: A comparative analysis of social enterprises in Germany and the Netherlands**

#### *Introduction*

Social enterprises can be distinguished from purely economic initiatives. „What the social economy offers is the idea of organisations which trade for a social purpose“. So opens a pamphlet in which Welch and Coles (1994, 2) argue to give more attention to the social economy. Their plea can be placed in a considerable surge of interest throughout Europe in the broad range of social institutions that operate outside the confines of the market and state, known variously as the 'non-profit sector', 'the voluntary sector', the 'civil society', and 'the independent' or 'der Dritte Sektor'. The terms refer to the economic and social fields represented by co-operatives, mutual companies, associations and foundations,<sup>10</sup> along with local job creation initiatives. These are intended to respond - by the provision of goods and services - to needs in the sphere of the quality of life, for which neither the market nor the public sector currently appears to be able to make adequate provision. The entrepreneurial dimension of such initiatives means that a significant part of the organisation's income arises from services or products sold to the user or from contractual transactions with public authorities. The fact that social enterprises explicitly formulate a commercial/entrepreneurial dimension in parallel to their social purpose distinguishes them from the subsidised labour market projects as discussed in the previous chapter 3.3. The division is however not a straightforward one.

There is a steady increase in the demand for personal and community services, such as: social services for weaker groups in society, services to families, cultural services and environmental protection and an awareness that a large proportion of new jobs will have to be created in such services. The social economy has made a significant contribution to the creation of new employment, but has not fulfilled its potential yet. The capacity of organisations in this sector tend to be ignored, and social enterprises are sometimes regarded with suspicion where they provide services traditionally supplied by the public sector. The sector also suffers from problems of legal form, limited awareness of its role and few relationships with traditional enterprises. However, despite these limitations, a number of innovative experiments are in progress, involving relationships with trade unions, partnerships with the public administration and collaboration with other firms (Carley 1998).

In the next sections of this chapter a description of the characteristics of so-called social enterprises will be given. Only three initiatives of the ELSSES study fit into the definition of a social enterprise and are selected to illustrate the concept of a social enterprise in the following. In this study, social economy projects cannot be analysed in isolation from the respective urban regeneration processes. Thus, the analysis departs from the perspective of urban regeneration processes that form the context of the initiatives under study and will focus on three general factors of success, namely community involvement,

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<sup>10</sup> This set of institutions includes, a sometimes bewildering array of entities –hospitals, universities, social clubs, professional organisations, day care centers, environmental groups, family counseling agencies, sports clubs, job training centres, human right organisations and many more.

horizontal and vertical integration, and the integratedness of social, physical and economic policy formulation and implementation. In the last section of this chapter, conclusions are drawn, best practices are mentioned and policy recommendations are formulated.

### 3.4.1 The main characteristics of social enterprises

Despite the variety and diversity of the organisations that are constituting the social economy, social enterprises share common content and process characteristics (see EMES-Network paper, no date).

The *main content characteristic* of social enterprises is that they are based upon non-commercial, social objectives that have to do with the improvement of the quality of life of individuals and/or neighbourhoods. These objectives are realised by offering services to the community and by offering routes into work for marginalised people.

A lack of 'quality of life' has to do with situations and problems that arise from being excluded from important societal and personal resources, and the effects of accumulation of deprivation (having a low income and also being jobless and having a low level of education). A good 'quality of life' at the individual level means - and that is the aim of socio-economic policy - that inhabitants are able (a) to make use of services and facilities that exist in their neighbourhood, (b) to participate in informal social networks and (c) to participate in the formal institutions of the wider society (by having a regular job, doing additional work or being active as a volunteer). More in general, the improvement of the quality of life can be formulated as the optimum development of the individual's personal and societal opportunities (see: van der Pennen, 1998).

*Quality of life at  
the individual  
level*

The quality of life at the level of the neighbourhood has to do with the quality of the housing and the direct living environment both in their physical and in their social functioning and meaning. A good quality of life at the neighbourhood level means (a) that the neighbourhood gives the inhabitants a positive reference point for participation in networks and facilities, (b) that the neighbourhood gives the inhabitants positive identification opportunities and feelings of pride: „*You are lucky to be living in this neighbourhood*“. It means furthermore (c) that there is a positive image of the neighbourhood among 'outsiders'. Last but not least, it means (d) that a neighbourhood forms an integrated part of the city, district or region in its socio-economic functioning (see van der Pennen et al., 1995; van der Pennen, 1998).

*Quality of life at  
the neighbourhood  
level*

The *activities* that are offered by social enterprises range from services to disadvantaged people, services for everyday life, activities and services to improve the social cohesion within a neighbourhood, up to activities and services in the sphere of neighbourhood maintenance and activities and services that focus upon the sustainable development by the collection and sale of second-hand goods.

Table 3.2: The different direct and active aims of social enterprises in urban regeneration and the three initiatives selected<sup>11</sup>

		Quality of life at the individual level	
		Yes	No
Quality of life at the neighbourhood level	Yes	Improvement of quality of life at both levels - <i>Community Labour Company</i> - <i>Neighbourhood Project</i>	Quality of life at the neighbourhood level
	No	Quality of life at the individual level - <i>De Zijl Bedrijven (DZB)</i>	No improvement of quality of life at either level

The *main process characteristic* of social enterprises is, that they are being executed in the context of a specific policy network of which the main actors are the local government and several types of private (non-governmental and non-profit) organisations<sup>12</sup>. Private (non-governmental and non-profit) organisations operate in the area between the state agencies and business firms. The term ‘intermediary organisations’ is used as a sociological equivalent for what are usually called ‘organisations of the societal midfield’.

Furthermore, social enterprises can be characterised as organisations, i.e. they have an institutional presence and structure; they are private, i.e. they are institutionally separated from the state; they are not-profit distributing, i.e. they are fundamentally in control of their own affairs; they are voluntary, i.e. membership in them is not legally required and they attract some level of voluntary contribution of time and money (see: Salamon et al., 1996).

### 3.4.2 Three social enterprises compared and analysed

Three initiatives that are object of study in the ELSSES-research, fit the description of so-called social enterprises. These initiatives are ‘The Neighbourhood Project’ in Duisburg, Germany; ‘The Community Labour Company’ and ‘De Zijl Bedrijven’ both in Leiden, The Netherlands.<sup>13</sup>

#### *The Marxloh Neighbourhood Project*

The Marxloh Neighbourhood Project, as it existed in its form until end of 1998, consisted of different sub-initiatives of which the majority were fully dependent on state subsidies.<sup>14</sup> In the range of activities carried out by the participants of the Neighbourhood

<sup>11</sup> If the direct aim is not the improvement of the quality of life on the level of the neighbourhood, this does not exclude the fact that there are significant impacts on the quality of life at the neighbourhood level.

<sup>12</sup> The term non-profit generally refers to organisations in health, culture, arts and social services, as well as to special interest groups, trade unions, sport clubs and organisations dealing with humanitarian, human rights and other social or public interest issues.

<sup>13</sup> Only three initiatives of the ELSSES-research fit in the description of social enterprises. These initiatives differ when we look at their main target groups, the chosen strategies, the scale of the initiatives and their results. These differences colour and limit the comparison.

<sup>14</sup> The Neighbourhood Project as a whole was the second organisational part of Project Marxloh, next to EGM (the Duisburg-Marxloh Development Corporation). The Neighbourhood Project has been dissolved in its organisational form at the end of 1998. Its activities have been transferred to two new bodies that act on a city-wide level.

Project, a social as well as a neighbourhood development orientation was predominant. Only 2 or 3 sub-initiatives could be called social enterprises, as for these a stronger entrepreneurial orientation was discussed. The Neighbourhood Project was subject to the city's administrative hierarchy and was allotted to the municipal board department. Thus, there was a strong linkage to (and dependence on) the local government and administration.

On the level of policy implementation, the Neighbourhood Project was embedded into the system of locally established educational institutions and qualification initiatives: it partly had the role of qualifying and employing persons in preparation and addition to the established delivery agencies.

The Neighbourhood Project improved the quality of life of individuals by the way in which it carried out employment and qualification schemes, by the way it developed adequate local social and cultural infrastructure (the Neighbourhood Cafe, the Nahtstelle and a venue where to borrow all necessary material for neighbourhood activities) and by the way in which residential involvement was mobilised in the regeneration process. Indirectly these aims contributed to the social situation of the whole neighbourhood (social cohesion). Furthermore, activities of the Neighbourhood Project contributed to the physical regeneration of the whole area of Marxloh.

#### *The Community Labour Company*

The Community Labour Company Leiden-Noord is the result of a process of searching for new forms to bring about social useful and necessary work in neighbourhoods. Even though The Community Labour Company is an independent Corporation, in practice the organisation is (still) quite closely linked to the Leiden Welfare Organisation.

The two main objectives of the Community Labour Company are (a) the stimulation, development and maintenance of employment in Leiden-Noord by means of regular jobs, volunteer and subsidised jobs, in order to increase the liveability of Leiden-Noord; and (b) the promotion of the social and economic climate of Leiden-Noord. By doing so, and striving for a non-commercial basis, the quality of life - at the individual, as well as at the neighbourhood level - is the objective of the initiative.

The following central activities of the Community Labour Company can be distinguished: second-hand shops, a printing business for neighbourhood newspapers, a maintenance service and a transportation initiative. These activities contribute to the enlargement of the social/financial scope of residents and/or to the possibilities of people to participate in society.

#### *De Zijl Bedrijven (DZB) Leiden*

From the beginning DZB Leiden has been a department of the local government of Leiden. DZB Leiden functions as a counter for all forms of additional and subsidised labour.<sup>15</sup> In 1996 DZB Leiden set up a private limited company 'DZB Holding Leiden BV' in which its market activities were accommodated; one of the main reasons was to be able to operate more flexibly with regards to the (private) market and other businesses. Although DZB Leiden became a private limited company, strong links to the local government remained. De Zijl Bedrijven Leiden describes itself as a flat organisation, with short lines, flexible and with a project-oriented approach.

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<sup>15</sup> In the middle of 1996 DZB Leiden became responsible for the carrying out of subsidised labour regulations: The Department of Economic and Social Affairs was responsible for the intake and selection, DZB Leiden created the jobs and took care of work experience places and education.

DZB consists of the division of services, green (public space) and maintenance and industry. Activities that form part of the division of industry are for example packaging, assembly and the manufacturing of metals. Activities that form part of the other division are: the maintenance of green areas, the painting of buildings, the removal of graffiti, a ferry service and the maintenance of bicycle sheds.

#### *What is socio-economic about the initiatives?*

In the three selected initiatives that can be called social enterprises, an explicitly commercial/entrepreneurial dimension was formulated, in that they generate or were aimed to generate part of their income themselves by selling products and services to customers. Besides that, these three social enterprises represent the national state of the art regarding social activation. They all aim at the improvement of the socio-economic situation of difficult-to-employ groups, be it by (guiding them towards) the provision of a regular, voluntary or subsidised job, a work experience place, or education and training. The degree to which this objective is emphasised (besides other aims) differs however.

*The intra- and  
inter-project point  
of view*

In all three initiatives the main *target groups* are the long-term unemployed amongst which are many persons from ethnic minorities. The Neighbourhood Project especially targeted young people, the long-term unemployed and welfare recipients. In The Community Labour Company special attention is given to persons who are (in danger of becoming) socially isolated and to youngsters. In DZB Leiden - in the beginning more explicitly than in the last years- special attention is given to the handicapped. More recently DZB also focuses especially on the (long-term) unemployed, who are characterised by a weak socio-economic position.

Concerning the *scale of the activities*, the Community Labour Company and the Neighbourhood Project both operate on a small scale and the strategy of the two initiatives can be typified by a neighbourhood-oriented approach. Of the three initiatives DZB Leiden shows quantitative results on the largest and broadest scale; it has no explicit neighbourhood oriented approach. As a result of their small-scale approach The Community Labour Company and The Neighbourhood Project are able to take into account the specific characteristics of, respectively, Leiden-Noord and Marxloh, and their residents a lot better than DZB Leiden and the more formal organisations in the field of employment.

Looking at the *methods* used in the different initiatives, we can see that the job-placement support method plays an important role in all three, but is most profoundly worked out in the Learning-To-Work-Enterprise of De Zijl Bedrijven. Carrying out governmental regulations in the field of subsidised labour was a core task of the Neighbourhood Project as it is of De Zijl Bedrijven. An explicit 'made to measure assistance'-method is typical for The Community Labour Company.

As far as the *input of resources* is concerned, it can be said that all three initiatives are (in part) subsidised by the national and/or local government. In addition, all three initiatives were supposed to generate (in varying degrees) part of their income themselves in the long run, by selling products and services to customers.

All three initiatives are part of a wider *policy-network* in which they work together with a vast array of organisations including institutional actors and local stakeholders; but DZB Leiden has, by far, the most elaborate network on an urban and even regional level.<sup>16</sup>

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<sup>16</sup> For more details about the three initiatives, see the Dutch and German ELSSES Case Study Reports.



### 3.4.3 Social enterprises and three general factors of success

The described social enterprises are part of urban regeneration policies. This is the reason that the evaluation of the initiatives, their set-up and their impacts, also has to take place – besides from an inter- and an intra-project point of view – within this wider policy-context. The three social enterprises will be evaluated along the lines of the following three often mentioned success factors:

- 1) community involvement in the policy formulation and implementation process,
- 2) horizontal and vertical integration and
- 3) clustered social, economical and physical policy-formulation, -implementation and investments.

#### *Community involvement*

As far as the policy-formulation is concerned, the administrative political actors have dominated the agenda setting for the regeneration process in both Germany and the Netherlands: the local community had no formal say in decision taking. The Neighbourhood Project – despite the limited resources – was flexible in the way it employed its workforce according to local needs and demands. Working on the spot has enabled the Neighbourhood Project to take into account the specific local characteristics.

As the Neighbourhood Project was, the Community Labour Company is able to take into account the specific characteristics of Leiden-Noord and its residents, because of the small-scale and the specific neighbourhood approach.

In De Zijl Bedrijven the role of citizens in general, as well as that of people belonging to the target groups more specifically can clearly be described in terms of consumers. As a consequence of the fact that DZB Leiden is responsible for the carrying out of national regulations in the field of job creation and provision, policy formulation is obviously very much a top-down affair. On the other hand, however, participation of employees in the company has been institutionalised through the setting up of a works council that can influence the process of policy formulation.

#### *Horizontal and vertical integration within the policy-network*

The role of the municipal government is relatively strong in the Federal System of Germany, it is a leading actor in urban regeneration practice. Due to its formal make-up and informal networks, the Neighbourhood Project was well integrated vertically.

On the horizontal level however, we have to conclude that the Neighbourhood Project insufficiently communicated to those who participated in their labour market schemes. Better communication and co-operation between the Neighbourhood Project and the local economic development agency BfW working on the spot might have promoted a more integrated process and would possibly have helped to develop more initiatives for increasing local employment, while in parallel offering additional services for the neighbourhood.

A general problem in the Netherlands is that there is an unwanted gap between the phase of recognition of certain problems on the one hand, and the phase of (creative) appropriate action on the other hand. The reason for this is that national regulations have a restrictive effect and therefore hinder local flexibility.

As far as the Community Labour Company is concerned, the gap between the phase of recognition of problems and the phase of (creative) appropriate action is filled up by

informal and ad hoc contacts from her staff-members with politicians at the local level. The Community Labour Company can hardly be called integrated, neither horizontally, nor vertically. Additionally the co-operation with local governmental organisations, the Area health Authority, organisations in the field of welfare, social services, the police, etc. are sub-optimal, partly due to the unprofessional image the initiative has. The consequence of this is that the initiative cannot fulfil its role in the neighbourhood development process in an optimal way.

De Zijl Bedrijven can be called a well-integrated initiative, in a vertical and in a horizontal sense. One area of improvement could be mentioned: De Zijl Bedrijven has little or no contacts with neighbourhood and residential organisations. It is not the interest of DZB itself to invest in that kind of contacts, from a neighbourhood development and an urban regeneration point of view, these contacts are important and useful.

Generally spoken, the main conclusion from the German as well as the Dutch initiatives is that horizontal integration for the sake of neighbourhood development could be improved to a large extent.

#### *Clustered social, economical and physical policies and plans*

At the level of policy-formulation, the Marxloh approach as well as the Leiden approach are examples of integrated approaches combining socio-, economical and physical policies and plans.

At the level of policy implementation, we see again the same in both countries: the real integration of policies comes off the ground only gradually. In the Netherlands, local governments have started to develop their own integral neighbourhood development plans, partly in response to obtain financial resources from the national government for the realisation of these plans. In these plans, the integration of physical and social aspects has succeeded. Until now, the integration of economical activities in these plans lays behind.

### **3.4.4 Wider lessons and policy implications**

#### *The powers and the potentials of the social economy*

The power of the social economy lays in the fact that collective goods and services can be offered in the sphere of personal and community services, such as social services for weaker groups in society, services to families, cultural services and environmental protection. The social economy has made a significant contribution here, but has not fulfilled its potential yet.

Because of the small-scale approach of many social enterprises, in their set-up local characteristics can be encountered, specific local needs can more easily be met and made-to-measure assistance for the participants of the social enterprises can be offered.

In considering how and where the social economy idea can work, it becomes apparent that there is an abundant overlap between the services to which people have a basic right and those, which can be delivered effectively by social economy organisations. This gives an opportunity to open up the provision of 'public' services to initiatives, which are both market-driven and socially based. A useful strategy in escaping from the sterile public/private debate is to look at the main issues that have to be solved and to the extent in which social economy organisations can be of use here. The 'unique selling position'

of social enterprises can be very much of use as starting subsidies, in the stimulation of new forms of entrepreneurship.

Future policies must strive for the promotion of social economy projects and more decisive action is needed. Also the idea of a specific 'workers statute' for the social economy should be examined, with trade unions and representatives of the sector. The aim would be to prevent the growth of a secondary labour market.

#### *(Socio-)economic empowerment of disadvantaged neighbourhoods*

If more attention were given to the economical possibilities of fulfilling all kinds of (social) needs in disadvantaged neighbourhoods, the danger of 'killing' economic potentialities by –more or less- automatically subsidising initiatives, could be minimised. The Netherlands, for example has a long tradition of state subsidies. This kind of subsidy culture hides the danger that latent and manifest economic initiatives, stemming from the neighbourhood itself, are overruled by subsidy policies. Another approach is needed that starts from insight in and knowledge about local social and other needs, and that looks for possibilities to translate these needs into produced goods and services.

Until now, the approach of the problems of disadvantaged neighbourhoods, and the way initiatives are set up, can – unintentionally - be characterised by a certain paternalism. Generally spoken: even when the neighbourhood participates in the initiative's set-up, the initiatives that are (financially) supported by the government and other parties, are those that fit the way of thinking and working of the politicians and social workers. Instead of this, the selection of initiatives should firstly be determined by the wishes, needs and potentialities of the local inhabitants, and not by the image that outsiders have of the neighbourhood.

#### *The need for structural subsidies for certain social enterprises*

Another important outcome of the ELSSES-research is the admission that certain social enterprises need structural subsidies. Certain social enterprises are subsidised by the government and only earn a small part of their own income from their activities. We have seen that state subsidies were structurally needed for the continuation of both the Neighbourhood Cafe and the Community Labour Company, but these subsidies were not structurally available. In both cases the expectation was that most of the additional jobs produced would not remain without structural subsidies. This is the reason why jobs that depend fully on *temporary* state-subsidies, are described with the term '*dead-end options*'.

But this kind of project often fulfils an important societal function, which deserves structural subsidising. The judgement of these initiatives must not take place according to economical benefits or according to the number of people that left the subsidised labour market for a regular job. These social enterprises must be judged according to their contribution to the improvement of the quality of life of the neighbourhood and / or the participants of the initiative.

Considering the fact that every society has people that won't fit in a regular job in the long run, but that contribute to the quality of life by carrying out an additional or a subsidised job, it becomes obvious that initiatives (like parts of the Neighbourhood Project - the Café and the Nahtstelle especially) and the Community Labour Company) can also prove to be worthy in a non-labour-market-sense. Initiatives like these have an important function for the individual well-being of the participants by preventing them from social-isolation, getting them out of the drugs-circuit for example, and by giving them a daily routine, guiding them intensively and being their connection with other

people and the wider society. On a broader level, initiatives like these - that focus upon hard-core multi-problem groups - prevent these people from hindering others by the excesses that come together with the extreme lifestyles of certain members of these groups.

In Leiden the government recently has accepted that the Community Labour Company that takes on unemployed people for second-hand shops, bus transport, and maintenance activities in the neighbourhood, will never be able to act without subsidies. The positive contribution of the initiative to the quality of life of the neighbourhood is judged to be of great importance. The government of Leiden now admits that initiatives like these will never be able to remain without structural subsidies, and therefore have to be subsidised in the long run.

#### *Marginal entrepreneurship and the quality of life in neighbourhoods*

When urban regeneration processes are started and parts of neighbourhoods are (physically) restructured, this has temporary and more structural impact on the existing small, local entrepreneurs and businesses (retailers) (Raat/Ouwehand 1999). As a result of the activities of pulling down and building new houses and restructuring the roads and other infrastructure, shops in the neighbourhood are no longer within easy reach and lose clients. Often this means that these small shops have to close and won't return after the physical regeneration of the neighbourhood.

If we look at the local shops in a neighbourhood from a more social point of view, the question arises as to how important some of these shops are for the quality of life at the neighbourhood level. Being social places where certain members of the neighbourhood society meet each other; and being one of the very scarce places elderly people go to (this trip structures their daily routine). This important social function of certain neighbourhood shops that contribute to the quality of life at the individual and at the neighbourhood-level, makes it worth considering supporting these shops financially by governmental subsidies, at least for the period of the urban regeneration process.

The consequence for policy formulation and implementation here is, that new possibilities are needed to find a different approach to subsidies and regulation. Criteria need to be developed for the financial support of such marginal entrepreneurs with an important social function in the neighbourhood.

### **3.5 Business Start-up and Development**

#### *Introduction*

The theme for this chapter is local efforts to encourage business start-up and development to deal with unemployment in disadvantaged areas. The chapter has a crosscutting character; it will draw together the findings and evidence arising from the evaluation of initiatives in the research areas. The chapter will extend over relevant publications, literature and studies, to provide a wider focus, a framework for comparison and relate to the state of the art of knowledge.

There are four projects/initiatives, within the ELSEES study, in which policies are specifically focused on business start-up and development, including the Marxloh Initiative in Germany, the Govan Initiative in Scotland, the initiative in Pomigliano

d'Arco in Italy and the House of Entrepreneurs in Malmö, Sweden. Elements of business start-up and development are also found in the Dutch and French case studies.

Business start-up can schematically be divided into two types (a) businesses started up by individuals providing employment for the individual him/herself and possibly also for one or a few family members or friends. Usually this type of businesses are started up by people either living in the area or with a personal relation to it. The other type of business start-up (b) is the establishment of SMEs, i.e. small or medium sized enterprises. Besides the SMEs normally being larger in terms of number of employees this kind of enterprises lack the personal attachment to the area typical of the former (a) type of enterprises. In our research project enterprises of both kinds are represented, either refined or mixed.

A commonality in the countries included in the study is that public agencies are involved in creating new businesses or supporting existing businesses. In Rosengård, the main actor is the public housing company, while in the other initiatives public agencies have been set up to promote SME's to start up and develop. The establishment of partnerships and the building of networks are commonalities. The House of Entrepreneurs (Sweden) and the Govan Initiative (Scotland) are predominately focused on supporting existing businesses and to make them grow. The former is targeting small-scale enterprises and the latter small and medium sized enterprises. The Marxloh Development Agency (Germany) has to a larger extent focused on and managed to start up new enterprises – by going from a business idea to a full functioning enterprise. In the case of Pomigliano d'Arco (Italy) the focus is on existing medium sized (compared to the other initiatives large) businesses and also on supporting and encouraging young people to become entrepreneurs.

This chapter is structured in the following way. In 3.5.1, methodological issues are addressed. 3.5.2 provides descriptions of the different approaches, its primary objectives and main results. The tools used in the studied areas to promote local economic development through business start-ups and business development are described. In 3.5.3, a number of themes will be discussed: perspectives on regeneration and local economic development; choice or emphasis on volume-driven or selective approaches; local benefit of business start-up approaches; and organisational approaches.

### **3.5.1 Methodology**

In a cross-country comparison, one has to be aware of the importance of the different contexts, be it institutional, economic, social or political. They all have great importance for the chosen policy instruments in each locality. The comparative work is based on some key-questions, which are seen as being relevant for giving policy recommendations and drawing transferable conclusions.

- \* How does the wider context influence initiatives?
- \* What factors influence effectiveness?
- \* How do strategic, institutional and operational environments influence effectiveness?
- \* At what administrative levels are specific actions appropriate and effective?
- \* How does the integration of different measures influence the effectiveness?
- \* What distributional effects can be identified?
- \* To what extent is promotion of business start-ups a viable policy to tackle social exclusion?

*Key questions in comparative work*

### 3.5.2 Commonalities and differences in approaches

Since the 1960's, there has been a clear division in residential, industrial, commercial and other use. Neighbourhoods are characterised by predominately residential use (Leiden-Noord, Nancy-Provinces, Malmö-Rosengård). The degree of business activities in neighbourhoods varies, but it is significantly lower compared to inner city areas, where there is a mixed use of land and premises (Mixed-use localities are Glasgow-Govan, Duisburg-Marxloh and Pomigliano d'Arco). A common political ambition is to try to mix the use of land and buildings in residential areas. Consequently, to increase the number of businesses in disadvantaged neighbourhoods. There are several possible instruments, tools and means to do this. One or more out of four features can be adopted in business-oriented strategies developed to regenerate neighbourhoods. First, the focus can be on *expansion and retention of existing businesses*. Second, there can be a focus on *attracting new businesses* to locate in the area. Third, there can be a focus on *new start-ups of businesses* where nurturing of new entrepreneurs is the focus. A fourth important feature is *building long-term relationships* with and between firms and agencies.

Business support can be classified into two categories: *the service role* and *the development role* (see figure below). The first category includes 'soft' support like training and business advice, and also linking the enterprise to relevant networks. The service role also includes 'hard' support like loans, finance and grants. The second category includes property related infrastructure development. The strategies and projects in our case studies are not clear-cut belonging to the former or the latter category. In most cases, there is a mix of both elements. However, there is a tendency among the projects to increase the allocation of resources to the service role. An explaining factor is the nature of the projects – not being oriented towards infrastructure development – but also the history of local economic development. In many European countries, enormous amounts of money have been spent on physical investments. That has not been enough and now attention is turned towards the 'soft support' and financial support. Still, it is necessary to have a well-balanced division between service role and development role. A commonality is the emphasis on a clear division between the service role and the development role regarding the organisation and activities within agencies.

Table 3.3: Categories of Business Support

The Service Role	The Development Role
Soft support: training, advice, linking to networks	Property development
Hard support: loans, finance, grants	Infrastructure development

In the case studies four projects fall into the above categories:

**The Local Economic Development Agency** in Marxloh (BfW): is mainly focused on attracting new businesses, start-ups and expansion of existing businesses. Activities include expansion and retention through information about local market and local economic conditions, and building of relationships and facilitating networking, as aiming at improving the capacity of targeted enterprises.

Marxloh Development Agency BfW has wider aims but, since 1996, one of them is to help the local unemployed who want to create their own business to be successful in fulfilling their projects. Turkish residents are a specific target group and one of the advisers is a Turk.

In Marxloh, BfW was able to support five start-up businesses, from the business idea to the successful establishment. The last one is a one-person enterprise, which started in December 1998. The four others are very diverse, from a music school and a bookshop to a business in the landscaping sector and one in the heating and sanitary sector. Besides the four owners' jobs, 8 full time jobs, one part time job and 2 places for apprenticeship have been created. Contrasting with Rosengård, only one new manager had no previous relationship with Marxloh: 2 of them live and set up their businesses in Marxloh and one of them contracted his employees in the area. Another one lives in Marxloh but could not find suitable premises on the site and he is established in Duisburg centre. The last one lives in another part of Duisburg but he settled here because the Development Agency was successful in handing over an old established business. Among assisted business starters, one of them was a steelworker who could start his own business with a redundancy payment. Four out of five starters were previously unemployed, two of them for a very short time (one to three months), one of them for over two years and the last one stated he had been unemployed but gave no detail on how long. Nationality is another relevant characteristic. One is a Turk who was very pleased to receive information and advice in his mother tongue.

***The House of Entrepreneurs*** in Rosengård (HoE): mainly attracting new businesses to the neighbourhood and providing them with advice and consultation for expansion and retention; building relationships between existing businesses and 'new' entrepreneurs.

A couple of years ago, MKB social landlord in Rosengård became aware many of its unemployed tenants are eager to set up a business on their own. For many foreign unemployed, to become self-employed is a very appealing prospect. Considering a successful self-employed resident will become a solvent tenant, MKB promoted in 1998 the House of Entrepreneurs Project, in partnership with the Malmö Centre for New Business which has not necessarily the same focus on local residents.

After one year of existence, House of Entrepreneurs hosts in 1999 some 15 enterprises, but four of them only (roughly a quarter) were created by local residents. Whether start up managers are Swedes or foreigners is not available. After such a short period, it is definitely too early for drawing firm conclusions. The discrepancy between aims and results might be the consequence of a strategic disagreement between MKB and its partner, Malmö Centre for New Business. It may also be taken as a benchmark showing a focus on self-employment is an unrealistic strategy for most long-term and unskilled unemployed.

***The Govan Initiative*** (GI): strong focus on building relationships; expansion of existing firms through business advice and consultation.

Govan Initiative's main priority is to help small and medium enterprises to start up and/or to grow. Local unemployed with a business project may receive assistance from Govan Initiative advisers, although they do not constitute a specific target group.

In Govan, no evidence is available on local unemployed creating their own businesses with Govan Initiative assistance. Its strategy relies upon the creation of a local network of small and medium enterprises. It explicitly excludes large internationally mobile firms. However, it might implicitly also exclude one person firms, which are perceived as too frail for a sustainable local economic development. Also it can be noted that wider funding agencies, such as Glasgow Development Agency, have excluded retailers and consumers services from funding, in response to national business support guidelines and European Union definitions, while many self-employment projects are oriented towards these fields.

***The Informagiovani Centre and C.I.C.O.*** in Pomigliano d'Arco (C.I.C.O.): advice and information about business economy/strategies, legal systems and financial support; analysis of economic conditions; innovation-support.

In Pomigliano d'Arco, Informagiovani Centre provides young people information about employment, including information on how to start an independent business and to receive assisted loans. In this field, Informagiovani Centre works in partnership with the Centre for Young Entrepreneurs. Informagiovani Centre and its partners encourage young people to become entrepreneurs through training, consultation and assisted loans for winners of national competitions. However, 15 successful young entrepreneurs have moved away from Pomigliano, predominantly to more attractive Italian regions. Therefore, they are 'lost' for a local development strategy in the area.

The C.I.C.O. Initiative plays an important role as public supporter to the local firms. It is a tool created by the local administration. C.I.C.O. supports local firms to take advantage of national and other subsidies and thus tries to support the competitiveness of the local business community. Employment effects are only secondary, the main effects are increased investment, process and product innovation.

#### *Commonalities in objectives and tools*

The case studies show that public intervention in business development services are motivated and justified by the local employment situation. The cases do not provide evidence that surveys and studies of local conditions and needs were carried out prior to decision-making and implementation of the schemes/programmes for revitalisation. Rather it seems that existing policies and measures have evolved to meet what is assumed to be the most urgent needs within the local business community – including both existing and potential enterprises.

A key objective of business support in all four areas is to encourage the development and diversity of the SME sector as a response to the downturns in economic activity that may come during recessions. It is assessed that a reliance on larger companies may lead to sudden and major loss of employment, which will also have a plausible effect on social problems. The promotion of SME's is seen as an essential element in the current economy in the specific areas studied. Business development is a primary mechanism for enhancing local social and economic prosperity. Projects aiming at business start-up and business development have a number of common characteristic objectives:

- encourage a higher rate of new business starts with the potential to succeed;
- reduce the level of business failures;
- improve the general financial performance and growth rate of the SME sector;
- raise the potential of SME's to create new jobs and improve employment levels;
- raise the general level of technological innovation and productivity.

To reach these objectives a number of tools are available. The projects studied contribute to retention, start-up of small enterprises and business development in different ways. A wide range of possibilities are used: advice and information; business counselling and guidance; financial support; help with marketing, exporting and technology; long-term relationship building; aftercare support; and property development.

***Advice and information*** is an ingredient in all four projects. The profile of service is adapted to the needs of the existing and potential entrepreneurs. It usually includes legal and economic systems relevant for businesses, marketing, and development of a business

*Objectives of  
business support*

*Tools in business  
support*



idea or plan, etc. The form for the advice and information can be seminars, courses or mouth-to-mouth.

Being present and reachable for those needing the advice is central. A 'One-stop-shop' is a common way to provide advice and information services. Entrepreneurs and potential entrepreneurs have to know where to find the right kind of advice. Becoming known to the local residents is an important feature in the activities. Agencies that have been in a neighbourhood for up to ten years may have developed their profile and become known, but new organisations need some time and effort to spread the information about their existence and services.

Another important feature of advice and service is the sensitiveness and responsiveness to the specific businesses. Agencies do not focus on providing general advice and information. Instead, they try to learn about, and communicate with businesses and create individual advice and information.

**Business counselling and guidance** is another common feature in the four projects studied. There are some variations in how the need for counselling is supplied. In the House of Entrepreneurs in Rosengård, established companies provide these services reflecting their specific competence. The principal idea is to link companies, with a variety of skills, to the project so that the new entrepreneurs get access to relevant and up-to-date knowledge via no-charge consultation. The only payback that these 'consultants' can expect is the return of the new businesses as potential customers in the future.

Another way of providing these services, which have been practised in Govan, is to develop the agencies own skills as far as possible and to complete it with external sources. The focus in Govan is on being a single point of access for small and medium sized enterprises looking for public sector support and advice. A common feature that can be found in both Govan and Marxloh is the emphasis on local knowledge as an efficient and effective way of providing local business services. The local setting offers a number of advantages; it becomes easier to identify problems and find appropriate solutions, a local and small-scale agency can be more flexible and respond better to local problems and situations.

**Financial support** is still underdeveloped as a way of supporting new businesses. In all case studies, the need for small-scale short-term loans has been identified as a concrete problem for new businesses. Local agencies do not generally have funding for loans and grants. However, there are great possibilities to give guidance among various kinds of financial support available from other agencies. Agencies acting as lobbyists can influence other agencies, foundations or banks to develop loans and services appropriate to new enterprises needs. Agencies with control over premises and property development have the possibility to subsidise and adapt their services to local needs. The provision of free services and cheap (subsidised) premises lower the initial costs for new businesses.

**Marketing** is a part of local approaches as a way to support new business. It can include shared advertising campaigns, advice and support from advertising consultants, cheap offers for promotion material and access to market analyses. Individual firms can receive consultation in marketing and advertising in all case-areas.

Regarding the marketing and promotion of the neighbourhoods, none of the four cases have a well-developed marketing approach. However, officers in all cases mention marketing as important and necessary to develop and have started to develop strategies to strengthen the neighbourhoods' position within the city-wide context.

**Long-term relationship building** is one of the most crucial elements in local approaches for business development. It is a question for agencies of developing and maintaining relations with a large number of actors of importance for new entrepreneurs. Evidence

from all projects show that long-term relationship building is one of the most efficient ways of using funding. In all cases agencies try to initiate and bring together other actors to pursue common objectives. Included in relationship building are both the search for common objectives and the development of a vision for, and discussion about, the future of the area. Evidence show that the presence of an agency acting as an advocate for the area increases the chances to get economic growth at the local level. Being such agency means working as a lobbyist to change other policies to better suit the area.

*Aftercare* or development of established businesses generally includes all the above mentioned elements/tools. If an initiative is to have long-term effects at the neighbourhood level, it is necessary to include support several years after the establishment of a business. Initially, efforts have to be directed towards viable business ideas, with the potential to survive on their own. Stabilisation of new businesses may take several years, which makes it necessary to have an aftercare stage included in the strategy. The aftercare will generally last some years after the start-up.

Pomigliano d'Arco and Govan have specific activities (similar to the tools described above) aimed at aftercare and development of older businesses, while initiatives in Marxloh and Rosengård support mainly the initial start-up, but are also open to already established businesses. The difference lies primarily in the profile of the service, which is responsive to the needs that already established businesses have and how to create conditions for economic growth of these firms. The organisation of services targeted on old and/or new businesses varies in the different initiatives and will be discussed in 3.8.3.4.

*Property development* can be dealt with within the initiatives, but it can also be a responsibility for some body outside. Property development is a way to make an area more attractive for enterprises – clearing derelict ground, making the area and buildings more aesthetic and enhance security. Good infrastructure is generally considered as a primary advantage when trying to promote local economic development. In Govan, Marxloh and Pomigliano d'Arco property development has emerged over time and is now included in the initiatives. Rosengård differ as the main task for the initiator (MKB – housing company) has been, and still is, property management and development. A common feature is to try to use land and buildings as mean to increase the level of economic activity. In Govan, property development is seen as a strategy to secure long-term financial viability and reduce economic dependency. Also in Marxloh and Pomigliano d'Arco property development is considered important, but the initiatives have no specific funding for such activities. In all areas, there are other actors working with infrastructure and property development. To establish good relations with these agencies is important to improve the environmental, aesthetic and security qualities in the areas. Still, some initiatives have not developed this co-operation with other agencies, leaving a great potential for further property development. In Govan, the lack of co-operation with the local housing company is considered underdeveloped.

### **3.5.3 Analysis of results, impacts and scope of business start-up support**

The tools described in 3.5.2 are all present in the four initiatives/projects selected for comparison. They all are regarded as essential when promoting new businesses and local economic development. However, the tools in themselves are not enough to be successful. The co-ordination, level of strategy and integration of these tools determine their effectiveness. It is therefore motivated to discuss and analyse some themes related to the initiatives and the actions within the specific projects.

Four themes appear to be important when discussing local economic development through business start-up and development. First, there is a tendency to shift perspective,

from an understanding of the local situation as a problem towards an opportunity- or potential-oriented view. This shift has led initiatives into a new balance between social- and economic-orientation of approaches. There is also a new understanding of how separate projects or initiatives are integrated in wider strategies or policies. These refocused perspectives will be discussed in 3.5.3.1. Second, there are differences in how the unemployment situation is tackled. The character of the employment-generating activities depends on formulations and directions of objectives. Some activities tend to be volume-driven, generating as many workplaces as possible, while others are more selective focused at long-term development and aiming primarily at businesses with growth potentials and expected lasting effects on local economic growth. Volume-driven and selective approaches will be discussed in 3.5.3.2. The third theme in 3.5.3.3 discusses the local benefit of business support. Although initiatives and projects seem effective when related to their objectives and valued by targeted firms and stakeholders, it is not obvious that local residents benefit from business support programmes. In 3.5.3.4, the fourth theme, organisational issues are addressed.

### **3.5.3.1 Refocused Perspectives**

A common feature of the business start-up and development approaches is a refocused perspective. This shift can be seen at two levels: the overall understanding of the areas' problems or potentials and the integration of actions into a wider approach. Local stakeholders generally assess the shift of perspectives as positive. In addition, in terms of employment creation and local economic development there are positive effects.

#### *Problem or potential?*

In Govan, there has been an obvious turn from problem-oriented towards a more potential-oriented view at the neighbourhood. Local firms are considered to have a potential to increase the number of workplaces. The formulation of objectives and descriptions of the area uses forward-looking and positive terms and show increased belief in the local business community. Similar belief is found in Marxloh and in Rosengård. Problems are not the focus in the new initiatives. Instead, there is a shift in the view of the neighbourhood, from a problem-oriented perspective towards a potential-oriented perspective, in which the areas are regarded as having potentials for development. The SME support refocuses area-based public programmes from 'need' to 'opportunity'.

The shift from problem to opportunity occurs as relevant for the success reported when the initiatives are assessed. Projects aiming at business development and neighbourhood regeneration gain from having a positive view on the locality both in its contacts with targeted clients and in external contacts with other agencies and actors. Local investments serve as statements pointing at the prosperity in the area from other investors. Evidence from all areas shows that property and infrastructure investments lead to larger interests for other actors to invest in the area. Behind these investments, there is a belief in the local areas and the local residents to develop the local economy and to improve the employment situation.

The search for potential businesses to support is an issue with high priority in all the projects. In Govan, this search is most explicit. Although the Govan Initiative may not have managed to include all cutting-edge companies in the Target 90 group, it is assessed to be very effective in the initiative work to have a specific target group. The other cases have been more or less open to all businesses asking for support and could have much to gain by a more thought-through redefining of their target group. Several aspects have to be taken into account when defining companies that should be included in a narrower target group. The Govan experience shows that there has to be an emphasis on generation

of employment. Not all companies with a growth potential contribute directly to new local workplaces. Evidence from Pomigliano d'Arco also shows the importance of a close definition of the target group. Having a broad target definition, including all young people may have contributed positively to the regional development, but if the objective is to generate local employment, the Italian strategy has been less effective. The last case leads us into a second aspect of perspectives – namely the integration of projects into a wider strategy and context.

#### *Integration and co-ordination of projects*

Stakeholders in all the study areas express doubt about isolated projects, which may be ineffective or counteracting overall objectives. In the reports, it is stressed that projects have to be integrated in wider policies or strategies. The expansion and development of several initiatives show that it is fruitful and necessary to widen the integration perspectives when dealing with local economic development. The effectiveness of a specific project depends on the integration into a wider policy, including other relevant activities to meet the overall objectives.

Marxloh has developed an overall initiative with a strong agency, with a wide responsibility for the socio-economic development in the area. In Marxloh the BfW is the economic part of an overall approach. Business start-up and development are parts of the overall approach to local development. Although there are additional initiatives influencing Marxloh, the approach chosen is comparatively comprehensive. The Rosengård case differs, as it is the public housing company and their associate that are the main actors. In addition, there is public intervention within the city district administration, which is assessed by local stakeholders as poorly co-ordinated with the business development project.

The Scottish initiative has realised that their business support activities are not enough to keep and attract new businesses into the area and has expanded the activities with property development and security investment programmes. The initiative in Marxloh contains a broad spectrum of activities, including property development and business advice and support, constituting an overall policy for urban regeneration.

Further, stakeholders state that working with stimulation of both the supply- and demand-side of the labour market has become necessary. If there is not a balance between supply and demand, the initiatives will not be effective with respect to objectives aimed at local employment generation. As in the case of Pomigliano d'Arco young people who have received support may leave the local area and seek their fortune in more prosperous parts of the region.

#### **3.5.3.2 Volume-driven and/or selective approach**

There are different objectives in the approaches to promote business development and business start-up. A relevant distinction can be made between objectives aimed at generating as many workplaces as possible and selective aimed at generating qualitatively oriented firms. These two approaches objectives are reflected in the case studies. It is said to be the ideal if these approaches combined, but in reality, the focus tends to go in one direction. Volume-driven approaches tend to be reactive as in the Rosengård and Marxloh cases. The House of Entrepreneurs-approach in Rosengård has a procedure where new entrepreneurs with less sustainable business ideas are rejected. In the initial phase, there were visions of having enterprises with growth potential in the project. The project had to settle with the firms and entrepreneurs that showed interest in locating their business in the projects building.

The Scottish approach has evolved after several years to be more selective regarding which projects, enterprises and persons to invest in. The public agency tries to analyse the capability and qualifications of the potential entrepreneurs and how well the enterprise might develop and generate economic growth.

The Swedish and German approaches have a more volume-driven character. Their main objective is to generate as many workplaces as possible. Evidence from the Scottish experience show that such approaches tend to generate many small enterprises, but they are often less long-lasting. Small enterprises often have problems surviving for a longer period and only contribute marginally to economic growth. Hence, approaches in Britain and Scotland are becoming more selective. Similar trends can be seen in Sweden and Germany.

In Italy it seems that one of the setbacks of a selective approach can be seen, where persons receiving support and managing well move to other areas and different parts of the region or country. In more general terms this can be of one of the paradoxes in giving business start up and development support. The local economy always takes the risk of loosing the newly established businesses, as they become successful. Arguments could be raised that a strategy combating the risk of loosing newly established businesses should include 'networking' and other 'soft' elements providing advantages in the original location. The House of Entrepreneurs in Malmö can serve as an example. Here networking among entrepreneurs and the consultancy and counselling offered are 'soft factors' which taken together constitute strong arguments enterprises to stay on in Rosengård.

In a city-wide or nation-wide context this is not a problem as the local economy fulfil a function as a breeding chamber or a growth area for high risk enterprises – if entrepreneurs fail no-one will remember them, while successful enterprises will be welcomed at the 'higher level economies'.

It is hard to compare the four countries as they target different businesses and work in different contexts. In Rosengård the target group is small enterprises, which are already established but has not yet grown (however, this is not an outspoken target group, but the set up of the project has led that way). The German approach target individuals that want to start a business, and is therefore the only initiative that have managed to start up a business from the 'idea' stage to fully functional companies. In the Scottish case, as mentioned above, businesses with the potential to contribute to economic growth are in focus.

### **3.5.3.3 Local benefit**

To what extent do local residents benefit from the business start-up and business development projects? There is no evidence showing that promoting new entrepreneurs generate local employment beyond self-employment. Some programmes single out unemployed people for support – to help them start their own business. Self-support has evolved to be an alternative to unemployment when there is few mainstream jobs available. Experience suggests that few of the enterprises will grow to any meaningful size and many make little more than a marginal living from this. This raises the question about the significance of the project. As a project gives some people an alternative to unemployment, it is useful. However, it does not mean that the project is significant as a solution to unemployment. This perspective should be considered when setting up and designing projects aimed at economic development and generating employment.

Further, an assessment of local benefits of business start up must include indirect spin off effects. As reported for example from Sweden, the House of Entrepreneurs, has had considerable spin-off effects parallel to its explicit objective to support and nourish new enterprises. Thus indirect effects on the local economy are visible, e.g. in terms of an

increased demand for local services; restaurants and shops. Perhaps even more important, the House of Entrepreneurs has contributed to a change of the image of the area. Rosengård has by tradition had a tarnished reputation and the stigma placed on the area is by residents considered as a major problem. Living in Rosengård for many have been equal to failure. Today the image of Rosengård is changing, its reputation is improving, the image is slowly getting better. A number of activities contribute to this image improvement, however it is assessed that the impact provided by House of Entrepreneurs is far more than marginal.

#### **3.5.3.4 Organisational approaches**

There are differences in how services are delivered in the four case areas with start-up and business development services. Govan Initiative has developed a model where the business support is provided by two separate divisions within the initiative. One division of the agency target selected businesses (Target 90-group), with an expected growth potential, while the other division is open to all local entrepreneurs. This model is assessed as important for a successful promotion of recently established businesses and the development of older companies. However, it does not directly imply successful generation of employment opportunities.

The Marxloh approach is the most comprehensive, including a wide range of activities. However, there is a controversial element in the initiative in Marxloh, namely the targeting based in ethnicity. The BfW has a focus on the (Turkish) migrant minority, which have turned out to be successful. By including personnel with similar experiences and language competence (Turkish) combined with specific targeting, BfW have managed to promote these immigrant entrepreneurs.

The Rosengård case differs as it is the housing company that is a main actor, meaning that business support activities are at the fringe of their responsibilities. Nevertheless, they are motivated to promote local businesses and attract new businesses, but had to find a partner willing to be responsible for the activities, leading to a public-private partnership. This co-operation give several advantages as the public housing agency control a majority of the property and can promote the business support by physical investments and improvements. Further, the housing company is not dependent on public funding. However, they can apply for public and EU-funding to develop their projects.

### **3.6 Conclusions**

This chapter has explored some of the reasons why local policies are pursued in different European countries. It has also examined the extent to which local policies reinforce or complement wider regional and national policies, or whether they effectively substitute for them, or replace them.

This study suggests that local actions need to be complemented by city or region-wide policies, including the bending of mainstream powers and resources, otherwise they are in danger of being marginalised or vulnerable. The Nancy-Provinces case is the clearest example to illustrate this.

Leiden-Noord and Govan Initiative are the examples that best illustrate the complementarity of a local approach to city-wide policies in a coherent manner. In the case of Leiden-Noord, successive national policies have created a stable framework within which the neighbourhood principle of policy delivery has been pursued over

several years, and local action is carefully designed and implemented within the scope of city-wide and regional policies.

The local institutional arrangements and the key sources of power and influence have, of course, great influence over the ability of local actors to design projects and set priorities according to local needs. A decade ago the local authority was, in most places, at the centre of decision making, but the study shows that there has been a shift towards more plural institutional arrangements in all case study areas. Nowadays there is a constant process of negotiation between a range of stakeholder in all of the case studies, with very different powers and responsibility in the process.

All of the case studies show some degree of partnership working, although the nature of these partnerships varies widely. The culture of departmentalism, the trust established between key agencies, and the style of local politics are some of the factors influencing partnership working. There are still particular difficulties in effectively involving the local community and private sectors.

In some cases, the local actors have power to implement mainly national or regional programmes in a flexible way; in other cases the relations between the local level and the superior level are characterised by two-sided negotiation, in others the local actors are following their own agenda and are acting in an entrepreneurial way in order to reach their objectives. The case studies show that there has been some decentralisation of responsibility for local socio-economic development in all countries, however this has not always been paralleled by an adequate devolution of power and resources.

Local action, nevertheless, is no substitute for appropriate social policy and concerted economic management. National or regional social and economic policy are factors with a major influence over social exclusion processes, the inclusiveness or exclusiveness of local labour market processes, and the quality of life in disadvantaged urban areas.

The chapter on 'Local Strategies' showed different degrees of local strategic orientation in balancing external and inward-looking measures, different approaches to targeting, and differences in the extent to which local measures were embedded within wider policies and strategies. Local initiatives can make a useful contribution to improving the quality of life in disadvantaged places. They can make an impact on a local area, if they are allowed to grow and develop over time as their experience and capabilities increase. A system of contractual arrangements between the local level and higher policy levels, supported by adequate monitoring and controlling systems, a system of incentives for co-operation, innovation and flexibility, seems adequate to make local initiatives work effectively and efficiently.

*Strategies for  
local socio-  
economic  
development*

Glasgow-Govan, Leiden-Noord and Malmö-Rosengård have often been referred to in the chapter on local strategies for their distinctive strategic qualities. In all three cases we see their long establishment in the area as an success factor, be it as a single key actor in co-operation with other key agencies (Malmö-Rosengård, Glasgow-Govan), or as a product of successive national policies that have created a stable frame for policy actors (Leiden-Noord). One of our key conclusions is that strategies need to be developed over time. They need time to accumulate strategic capacity in order to exclude less effective arrangements and measures, to establish trust among the local community and other key players in the local development process, to wrest power over mainstream programmes, and to learn to deploy these resources for effectively targeting local needs.

The chapter on 'Routes into Jobs and Society' has discussed different ways to provide local unemployed people with jobs and social integration opportunities. Business-oriented projects are mainly concerned with enabling local people to take up job opportunities which arise, be it via targeted information or via training; while stronger client-oriented projects take the individual's needs and capacities as a starting point for

*Routes into jobs  
and the society*

further orientation and training. A further distinction can be made as regards the intensity of support. Job search and placement schemes can be mainly concerned to provide information on available jobs (i.e. Pomigliano d'Arco Informagiovani) or they can be aimed more ambitiously at tailor-made matching of clients' job capacities with employers' profiles (i.e. Rosengård Job Emergency Ward). Both of these kinds of activities will mostly benefit the job-ready and the more skilled among the local unemployed, although the Rosengård Job Emergency Ward project shows that this type of project can provide low-skilled persons with several handicaps at least a temporary first foothold in the labour market. People with a greater distance from labour market and several handicaps, however, tend to be largely left behind if local development projects focus only on this type of project. For long-term unemployed and/or low-skilled people a stronger 'client-oriented' approach is necessary. Therefore many of the case studies illustrate the need to take into account individual's capacities and not simply job requirements.

Subsidised labour projects are combining skills training 'on the job' with personal development elements including qualifications, social skills and confidence building. Client-oriented approaches in counselling and subsidised labour schemes tend to be more costly, and more time intensive. The chapter on 'Routes into Jobs and the Society' has identified several factors that influence the success of these type of projects in reaching their goals. With regard to job placement and counselling services, empirical evidence shows that the relationship between local initiatives and employment agencies must be clarified and sometimes redefined. Taking a holistic approach to routes into jobs cannot be successful if there is an overrigid division of work among institutions. With respect to subsidised work projects, discrepancies between the aims and results of subsidised work schemes can be explained by (a) the distance between subsidised labour income and welfare benefits, (b) national differences in the extent to which subsidised jobs can become permanent, (c) the degree to which national regulations keep subsidised work schemes separate from market activities, and (d) the potential to create an 'social added value', especially through promoting voluntary work.

As pointed out in section 3.3, subsidised labour schemes achieve positive results for some individuals, but from a more global perspective they embody several dilemmas. Work experience through subsidised jobs is mainly intended as short transition between unemployment and a regular job. But when unemployment is massive and structural as in traditional industrial areas all over Europe, subsidised jobs may be the only realistic labour market alternative for low-skilled and long-term unemployed people with several handicaps. European countries are taking different paths to increase labour market demand and create new jobs for these groups, either by subsidising the creation of jobs in the social economy, or by allowing permanently subsidised jobs for certain target groups. National politicians can also opt for deregulating labour costs in imitation of 'the American job miracle', and thus increase the demand for low-skilled, low-paid labour. This is the path the UK is partly following. The deregulation of labour costs goes along with increased social polarisation and may lead to the development of a new class of 'working poor'. Countries that opt for minimum wages that secure a decent living standard are challenged to deal more actively with the long-term unemployed. We find the strongest inclination to allow a subsidised job to become permanent for specific labour market groups is in the Netherlands. In such a system, in order to avoid a finite number of subsidised jobs reaching saturation point so that newcomers are excluded, it is necessary to establish a system of incentives and guarantees to encourage switching to other parts of the labour market. The social activation model (see 4.1.3.) is an example of such a model.

Subsidised jobs do not necessarily have to be unfair competitors to local businesses. Tailor-made local design and implementation are the key factors for win-win-situations



for both local unemployed people and the local business community. As the Leiden DZB project or the Leiden Community Labour Company are showing, local embeddedness creates scope for new jobs and assisting business development objectives in the area. At the same time, empirical evidence shows the relevance of the embeddedness of such local projects into the wider economic environment in order to avoid marginalisation.

The chapter on 'Social Economy' has argued for more attention to the capacity of organisations that operate outside the confines of the market and the state. Three so-called 'social enterprises' within the ELSESES study have been analysed in respect of their internal composition and in their embeddedness into urban regeneration processes. The analysis has focused on the contribution of social enterprises to the quality of life at the individual level and at the neighbourhood level.

*Social economy*

There are several main conclusions arising from the chapter. In order to escape from a fruitless public/private debate policy makers should look rather at the main issues that have to be solved and to the extent to which different actors, especially social economy organisations, can be of use here. Our study suggests that there is an unrealised potential for social economy organisations to make a significant contribution to the quality of life in the neighbourhood and at the individual level. Social enterprises can contribute to collective goods and services in the sphere of personal and community services, they can stimulate new forms of entrepreneurship, and they can offer routes into work and the society for marginalised people. Future policies to support this sector must address its financial and legal status the regulative which apply to taxation and eligibility for financial support and the definition of its role, between a secondary labour market and the regular labour market, between state subsidies and self subsistence. A local approach is of significance for tailor-made concepts to answer local needs and add value to the local social capital.

In the Netherlands it is accepted that this type of work can never be financed completely on a commercial basis, but that schemes should be subsidised as they are carrying out a public task. Even when being subsidised, it seems right to say that they represent good value, as these projects have a high social surplus value<sup>17</sup>. One recommendation of the ELSESES research is that some social enterprises should receive structural subsidies because of the important societal function they fulfil. The amount of subsidy should be according to their specific contribution to the improvement of the quality of life. Subsidy should not be given more or less automatically but very carefully in the local context in order to avoid negative effects, such as the displacement of existing businesses. Above all, those initiatives should be supported on the basis of insight and knowledge about local social and other needs. In a situation where it is worthwhile to fund social enterprises for their social benefits, a further approach worth considering may be temporary financial support for local business with an important social function in the neighbourhood, at least for the period of the urban regeneration process.

Summarising, we notice that the traditional distinction between private and public is losing importance. The problem solving approach needs to be shaped by a thinking that judges and supports initiatives – whether private, public or in-between - for their contribution to the quality of life in urban areas.

Public intervention in business development is motivated and justified in all of the case studies by the local employment situation but the way the leading actors in urban

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<sup>17</sup> In an investigation on a neighbourhood maintenance project, comparable to the Community Labour Company, taking into account the amounts that would have been spent on support and education, mediation towards the labour market and social benefits - if people would not have been working in the neighbourhood maintenance project - the evaluators came to an amount of 'social surplus value' that exceeded its losses in the last two years by the factor 12. For the German and the Scottish context, similar evaluations exists (for German subsidised labour schemes see Trube 1998; for the case of the Glasgow Works see CLES 1996).

regeneration areas go about this task and the tools they use are quite different. The chapter on 'Business Development' has concluded that there is a tendency among the projects to increase the allocation of resources to the service role of business support (including 'soft' support like training and business advice and 'hard' support like loans, finance and grants) as opposed to its development role (property and infrastructure development). Still, it is necessary to have a well-balanced division between service role and development role. The promotion of the development and diversity of SMEs is an essential element in the current economy in the case studies. It is assessed that a reliance on larger companies may lead to sudden and major losses of employment.

When discussing the overall effectiveness of local economic development through business start-up and development a range of conclusions arise. The first is that it is useful to examine the potential of businesses to produce economic growth and provide local employment. The study suggests that a targeted approach to business development activity is useful, guided by two criteria; the extent to which businesses are likely to grow and contribute more to the local economy, and their potential to generate new jobs. Generally this means focussing on viable business ideas which have the potential to thrive locally. However, this inevitably means concentrating on a selected number of enterprises, and leaving aside many small enterprises which have no capacity for growth. The study shows that selective approaches to business support are more effective in the longer term, and are becoming more common.

The second main conclusion is that the establishment of networks and partnerships with private companies is a highly important factor for the success of business development. Generally, public agencies need to develop competence to give advice and support to new entrepreneurs. This can be done through public-private partnerships, where the competence in the business community is used to provide the necessary knowledge and inform support to new entrepreneurs. Another way is, as a learning organisation, to develop internal skills as advisor, business developer and network builder. Evidence from Govan shows that the latter can be a fruitful way to deal with local economic development. But networks have to be built on mutual benefits; it is not possible to engage private partners in partnerships if there are no gains to be made. Evidence from Rosengård show that private companies are willing to participate in partnerships with the primary gain of building contacts with future customers. This might be a very uncertain gain, but it seems to have been accepted by the private companies involved.

An important part of a strategy is the integration of local projects in a wider context. Strategies will have to include a wide range of activities to reach their overall aims. The balance between supply-oriented action (human resource development, training etc.) and demand-oriented action (business development, infrastructure investments etc.) has to be carefully considered. The existence of business support activities has to be complemented by human resource development, work-skill training and job delivery services. It may be necessary also to develop property, work against crime and develop infrastructure to make the local area attractive for new businesses and keep established businesses. Property development also opens possibilities for agencies to decrease dependency on public funding and become financially stable.

Follow-up evaluations have to be included in local development strategies and business development projects. Evaluation is weakly developed in most projects. In some projects, there is no plan or time-schedule for evaluation at all. It is possible, if not necessary, to include specific instructions for evaluation when formulating the objectives. Useful, evaluation can only exist alongside well-articulated strategies: it is necessary to formulate objectives and goals so that they are possible to evaluate.

## 4 Conclusions and policy implications

This part of the report highlights the most important conclusions arising from the comparative research. They consider a range of aspects: The scope, size and scale of localised policy solutions in relation to the problems in distressed urban areas (4.1.1); dilemmas and solutions in the struggle against stigmatisation (4.1.2); the social activation concept as a key term for all activities to stimulate the integration and participation of individuals in different domains of the society (4.1.3); the relevance of partnership and participation in local development programmes (4.1.4); the potentials and dilemmas of a project-led or a strategy-led approach in local development (4.1.5); the necessity of intertwined social and economic measures as a basis for developing successful local strategies (4.1.6); advantages and disadvantages of core funding and competitive funding (4.1.7); and the relevance of target setting, monitoring and evaluation for local socio-economic development strategies (4.1.8). Each of these sections provides conclusions and policy recommendations derived from the research and point to potential policy innovations/reorientations, across a variety of scales of intervention. The remainder of this part of the report identifies future need for research.

### 4.1 Wider lessons

#### 4.1.1 Scope, Size and Scale of Localised Policy Solutions in Relation to the Problems

##### *The Relevance of Size, Scope, and Scale*

The essence of the strategies considered in this study is that they are localised attempts to improve social and economic conditions in cities and towns. They mostly rely on action at the neighbourhood level, rather than at city, regional or national level and therefore represent a spatially distinct approach to policy delivery. Most of the initiatives aim to improve more than one dimension of local social and economic conditions. The relevance of examining local socio-economic strategies derives from the view of many commentators that most European countries exhibit trends towards greater decentralisation of policy delivery, and an increasing tendency to define social and economic problems as being conjoined and therefore requiring interconnected policies, and more flexible institutional arrangements. One of the most fundamental questions for this study is whether action at this local scale can be effective in view of the factors which underlie the poor performance of particular places, and in terms of the fit between local actions and the city-wide, regional and national policies.

So, in the pursuit of local socio-economic strategies there are at least four fundamental questions concerning the basis for the approach:

- Is the overall size of the area, which is the focus of the initiative, appropriate for dealing with its problems?
- Is the scope of the initiative sufficiently wide to tackle the main dimensions of the problems in a local area, for example does it consider social, economic and physical aspects of area regeneration? Lying behind this, and perhaps more importantly, are local policy makers given sufficient scope to design their projects in ways that suit local needs?

*Fundamental  
questions*

- Is the scale of the initiative, meaning the weight of its effort evidenced by funding levels, staffing, throughputs and outputs, commensurate with the degree of problems in the area?
- Is the initiative connected sufficiently well to policies and actions at other levels to mobilise appropriate resources as required?

### *The Dilemmas and their Resolution*

#### *Dilemmas of size*

With respect to size, there are a number of dilemmas. Small areas of a few thousand people are ideal in order to mobilise community involvement and to provide a feeling of common purpose and visibility for a local initiative. In other words, they can build on and enhance a sense of place. There are also practical advantages in the local knowledge that can be developed by project staff, and the trust generated by face-to-face contact. However, areas which are too small, particularly if they are mainly residential, have little development potential. There is generally less scope for ventures such as land and property development, and little possibility for jobs to be developed in the area. However, in compensation, small area projects can be outward looking, and seek to engage their residents with the opportunities of the wider locality of the city in compensation for their limited scale.

Large areas have the benefit of being more likely to be mixed in terms of economic base, land use, and social characteristics. A wider economic base and mixed land use gives the potential to work with existing businesses and also to create new economic opportunities. There may also be some economies of scale in service provision which are not available if the selected area is very small. However, large scale boundaries in cities generally fail to fit with residents' ideas of neighbourhood, and there may be difficulties in achieving 'downwards' accountability to communities.

#### *Dilemmas about the scope of projects*

Dilemmas about the scope of projects concern which problems to focus on, and in what sequence. There is a widespread view that social, economic and physical problems are interlocked with a vicious circle leading to a spiral of decline; this is the neighbourhood effect accentuating wider social and economic problems. Hence in an ideal world, projects would be comprehensive. But in the real world, there are limited resources and the challenge is to decide where to try to intervene in the circle. In many circumstances institutional factors shape decisions with structures and opportunities driving approaches. In other circumstances local pressures, through the community or the political system, may be crucial. The initiatives considered in the study have all attempted to halt or to reverse area decline but they have gone about it in different ways. Some prioritise economic measures, reasoning that the local economy is the foundation of the area's quality of life. Others recognise that it is necessary to bring residents to a position where they can compete for whatever job opportunities do exist. If this is not done, the logic is that economic success will by-pass the local people. Physical decay is also a symptom of decline and it may serve to deter inward investment and sap confidence, so some projects have put efforts into environmental renewal.

The evidence from the study provides no straightforward answers to these problems: as the choice of actions is often pragmatic. In many respects all the schemes represent an advance on the localised policy solutions of the past which often concentrated on physical renewal to the neglect of social and economic factors. But it is clear that at least some projects are hampered by their limited remits or institutional setting. A better approach would be for local projects to be able to identify their own priorities and to be complemented by reinforcing action from the city or regional level.

#### *Dilemmas concerning scale*

The basic question concerning scale is whether it is worth intervening at all at the neighbourhood level. All the initiatives in the study are small in comparison with the

scale of the problems. That may be inevitable considering the force of structural factors which lie behind, say, the decline of heavy industry in Germany and the UK, the regional imbalances in the Italian economy, and the unequal positions of minority ethnic groups in the labour market in France and Sweden. It is clear that local socio-economic initiatives are no substitute for effective social policy and concerted economic management at the national and European scales, however politically attractive that idea might be. But this is not to say that small local initiatives are of no value. On the contrary, the experience from the study shows that local socio-economic initiatives can be well-targeted and responsive to important, locally identified problems and be relatively free of the rigid bureaucracy which often reduces the effectiveness and efficiency of public policy measures. They can produce useful gains on the back of modest inputs, and be a source of innovation, creativity, and of useful learning about the dynamics of neighbourhoods. While the very limited scale of some initiatives, for example at Nancy-Provinces, are unlikely to make many inroads into the basic problems of the area, even if replicated and sustained for a long period, there is some evidence that larger and longer lasting schemes, notably Govan Initiative, can chip away at the vicious circle, and start to make a difference to the indicators of social and economic malaise.

### *Conclusions and recommendations*

This study shows that even though local socio-economic initiatives are still at an early, experimental stage of development across Europe, there is good reason to think they can make a useful contribution to improving the quality of life in disadvantaged places. It is clear from the variety of experience of the case studies that there is no one model of initiative in terms of its scope, scale and size. On one hand, larger initiatives covering more extensive areas and involving a range of projects designed to tackle multiple problems are more likely to create synergies and to make a visible impact, especially if they can be funded over a long period, say, of more than ten years. On the other hand, very small community-based projects focused on the social conditions of selected groups can be easily dismissed as trivial. However, bigger projects come with disadvantages, including the risks that they will replicate the worst aspects of discredited top-down policies, will miss out key localised problems, and be less readily subject to genuine partnership with local people.

One way forward is to allow local initiatives to start small and then to develop over time as their experience and capabilities improve. They may acquire more functions, take on additional staff, and cover a wider territory as they demonstrate their capacity to do things effectively. Another approach is to encourage more of a catalytic role, where the emphasis is on lobbying and mobilising other organisations to be more active in the area rather than concentrate on service deliver. This may also mean giving support to community-based organisations to build their own skills and other forms of capacity by assisting with planning, fund-raising, co-ordination, and other forms of facilitation. This has the advantage of ensuring the engagement of powerful public bodies in the solution of local problems, while avoiding some of the financial and bureaucratic distractions of having to build new organisations.

#### **4.1.2 Stigmatisation**

##### *Why focus on stigmatisation?*

At the beginning, the research project did not intend to focus on stigmatisation. This issue emerged when comparing initiatives in every partner country. Stigmatisation is a

negative and for much of the time undeserved prejudice against a particular population, area, work status, etc. Populations with this bad “public image“ meet many difficulties when they want to get a job, a dwelling, or just to survive in everyday life.

Stigmatisation is deeply embedded in society and it may shift from one target to another. Politicians, journalists and social activists sometimes paint simple and opposite portraits of the deprived. For instance, the poor residents of American inner-cities, mainly Black, are often presented as either guilty of their laziness or victims of racism. They form an “underclass“ living in Black urban ghettos, suffering from criminality and developing a “culture of dependence“. Wilson (1996) is not denying the role of ghetto culture and racism in the constitution of an “underclass“. But he argues unemployment created by the loss of manufacturing jobs is the main cause. Therefore, ghettos face the same economic shifts as the rest of America, but at a higher level. In order to struggle against stigmatisation and to promote social integration, Wilson proposes, for instance, the establishment of work programmes against poverty, targeting not only the poor Black residents of American inner-cities, but also the declining working and middle classes. A main factor against stigmatisation is social integration through work, promoting a “social mix“ through positive action.

Europe faces the same challenge of social stigmatisation linked with spatial polarisation (Martens and Vervaeke, 1997). The (ex)-blue collar class is decreasing. Long term unemployment is the main stigma and it goes more and more along ethnic lines, as in the USA.

Each strategy analysed in the ELSESES study is specific but they share in common the willingness to promote socio-economic integration and local development in urban disadvantaged areas in order to decrease stigmatisation against an area, an ethnic group, etc.

#### *A general analysis of dilemmas and solutions*

##### *Dilemmas and solutions in the struggle against stigmatisation*

Many dilemmas are at stake, in the struggle against stigmatisation : 1) concentration or dispersion of the disadvantaged, 2) the vicious circle of targeting and positive discrimination, 3) the dilemma of sectoral solutions to change the perception of an area and 4) the dilemmas around subsidised jobs or self-employment as routes into jobs.

*Concentration or dispersion of the disadvantaged.* The concentration of deprived populations generates stigmatisation, but their dispersion does not imply the solution of the problem. The struggle against ghettoisation can give birth to new micro-ghettos and annihilate the social links of a community.

*The vicious circle of targeting and positive discrimination.* Social initiatives are essentially targeted on particular populations. This may help a deprived group over time, but it can also stigmatise the participants. Local strategies that promote a ‘social mix’, that is, target all kinds of populations (without excluding the most stigmatised) promote social cohesion, and allow a better knowledge and understanding among different neighbour populations. But in reality this is very difficult to implement: the different populations must have the same will to live and to work together (if the stigmatised populations are primarily targeted to get involved, others might boycott the initiatives). One way out of this dilemma seems to lie in promoting empowerment processes, that is, devolving power and resources to local groups that work on common problems in the neighbourhood, and give emphasis to those projects that are directly related to local needs and potentials. Institutions must give up some of their authority in order to promote grass-root empowerment.

*The insufficiency of sectoral solutions to change the perception of an area.* The reputation of an area is first a social construct, and not only a matter of architecture. Contrary to what is often argued, physical and architectural problems do not appear to be the main factors in the dilapidation and residualisation process. For instance, in Nancy-Provinces, Duisburg-Marxloh and Malmö-Rosengård, physical upgrading measures were undertaken a few years earlier in the belief that it would help to establish a better image for the areas. But there is a general belief among practitioners and politicians, that physical upgrading measures are an essential part of a strategy for improving the image of an area, but not the solution in itself.

*Housing schemes* for attracting and/or keeping middle class households can act as symbols, but it needs a broad range of measures for changing the wider perceptions of an area in the long run. Professionally established starters on the housing market often don't have the chance to stay in the neighbourhood because they don't find adequate housing in the private sector. This is a missed chance, because higher income groups are an important pre-condition for the settlement of companies and businesses in the neighbourhood, in terms of offering services. But they also prevent neighbourhoods from being labelled as disadvantaged. These are social and economic arguments that have consequences for the choices made in physical planning processes. To attract new tenants is a great challenge in monofunctional housing estates, as the example of Nancy-Provinces shows. If reputation, and perceptions remain unchanged new tenants will not come, (see the case study report on Nancy-Provinces about the failure of physical regeneration in the struggle against stigmatisation of residents).

*Selected upgrading measures* need to be embedded into comprehensive neighbourhood development programmes or sensitively linked to social and economic projects. The more 'generous' and comprehensive localised policy solutions are, the better they will perform in the long term in changing the reputation of an area. The image of an area can sometimes be improved by prestigious projects and the attraction of innovative enterprises. Some positive results can be seen in Glasgow-Govan and Malmö-Rosengård. The Rosengård Business Centre aims to act as a symbol for local development. There is reason to believe that the attitude of politicians and project managers to emphasise the potentials and opportunities in an area - without forgetting the needs and problems - also helps to change the perception of an area. However, this must not only be tokenism: changing the words does not automatically imply changing the facts.

*Business development measures* need to be linked closely with training and qualification policies in order to make new jobs available to the local population. Otherwise, the stigmatisation of a local community could be strengthened by the exclusion of the 'unemployable'. A huge challenge - because indirect discrimination is often ignored - is also to involve firms into local training strategies and promote their inclination to recruit ethnic minorities or the local population in a deprived area. The experiences in Govan show that the 'matching process' between local companies and local unemployed is much more than a technical exercise and must include various individual support aimed at building the self-confidence and capacity of the unemployed. In Nancy-Provinces, the Bus Company involved in the bus stop shelter project changed its strategy to deal with a section of the community, too difficult to employ (another way to strengthen stigmatisation).

*Self-employment as a route into jobs and the society?* Many unemployed are tempted to create their own businesses, but for most of them, self-employment is more a dream than a realistic prospect. Only a minority may achieve it. Marxloh's local economic development agency supports small businesses which create limited employment opportunities, many of which are taken up by the Turkish community. This 'positive

discrimination' contributes to the transformation of negative images against Turkish 'guest workers' (see chapter 3.3. and 3.5.)

*Subsidised jobs / Social economy initiatives.* For society as a whole, subsidised employment may prove to be cheaper and more efficient in the long run than social benefits. The subsidised work contracts, used in many initiatives (e.g. in Leiden), allow people to acquire work experience and/or new skills. Even though these initiatives provide temporary socio-economic support, the negative connotations associated with social assistance could stigmatise recipients further. If this transitory measure does not lead to stable employment and is unable to give a positive identity (when the activity is valorising and valorised), the participants will remain excluded from mainstream society (see chapter 3.3.).

Social economy initiatives could be more effective in terms of labour market integration if they had stable funding. But if a social economy enterprise aims to be financially autonomous and to be competitive on the market in the longer term, it can not fulfil its social integration aim. In such cases, subsidies should be paid according to the social function of the enterprise. If these are subsidies as available to any other market business it would also reduce the stigmatisation effect.

#### *Conclusions and recommendations*

In order to change the reputation of an area, a broad range of measures are required: Housing improvements, promoting a social mix; enabling bottom-up development; measures to keep and attract middle-class households in the area; change the image with prestigious project and symbols for local development; keep and attract a diverse business base; and promote the labour-market and social integration of locals through a wide range of measures. *For policy makers it is essential to be aware of the potentials and opportunities in an area, and not only the needs and problems.*

The *partnership approach* seems to be a necessity for innovative projects. This strategy allows the coordination of local means, abilities and skills. Also, as a regeneration strategy takes effect the area involving local community as real active partners, avoids the reproduction of prejudices. But if partnerships, particularly between State, firms and associations are promoted, the roles and duties must be separated and clear. Such schemes must be constant, co-ordinated with the labour market actors (enterprises and unemployment agency) for mastering information and to adapt training and advice means in a relevant way. The solutions proposed for the "target groups" should be *flexible* enough not to confine them in the vicious circle of dependence and poverty. Flexible projects like the Bus Stop Shelter initiative in Nancy-Provinces, can address local needs in a given time and context and can be adapted as appropriate.

The *participation of the "target population"* is the best way to develop efficient policy making processes. First, when people are involved from the inception to the end of a project, self-esteem is increased and stigmatisation is reduced. Also, the participants' motivation is central to the conception and achievement of an initiative. This is demonstrated by the achievement of the Training for Domestic Jobs project in Nancy-Provinces, which was a grass-root initiative, but with limited effects because it was only a temporary initiative.

Stigmatised areas are excluded from the provision of *social infrastructure*. In Nancy-Provinces, there are no post-offices, nor community or youth centres. Social exclusion and stigmatisation could be better combated if local social infrastructure could be encouraged to invest and remain in such areas.



### 4.1.3 Social activation: a conceptual model

#### *Relevance*

In the definition of the ELSSES research project, socio-economic strategies combine small scale activities that aim to integrate disadvantaged communities primarily by generating employment and increasing income opportunities, and reviving economic activity in distressed urban areas. Other projects focus on the supply side – primarily the unemployed. Some case studies demonstrated that these activities, however, tend to deal with more than employment and income and are orientated towards the improvement of participation in general; across a variety of communities.<sup>18</sup>

#### *Forms of participation*

Talking about breaking up social deprivation, participation is more than 'having a part in' or 'making use' of societal goods like knowledge, culture, wealth, etc. It is or it aims to be an active involvement of people in social processes. The function of participation is to break down dependency relations and broadening the knowledge of communities - on social and economic changes and the ways in which they appear to them. This broad definition of participation can be refined to the different social contexts in which participation can take place (see: van der Pennen, 1999c). For every context accessible targets can be developed for active and social citizenship. For this research project the following criteria were examined: the economic context, the social-cultural context, and that of civil society.

*Domains of participation*

#### *Social activation: the twofold character*

The key term for all the activities to stimulate people's participation and integration in the society is social activation. The main distinction is in activities with a direct link to the labour market, and therefore dealing with economic participation on the one hand, and the activities that stimulate participation in the other forms of participation on the other hand with an indirect or little relation with the labour market.

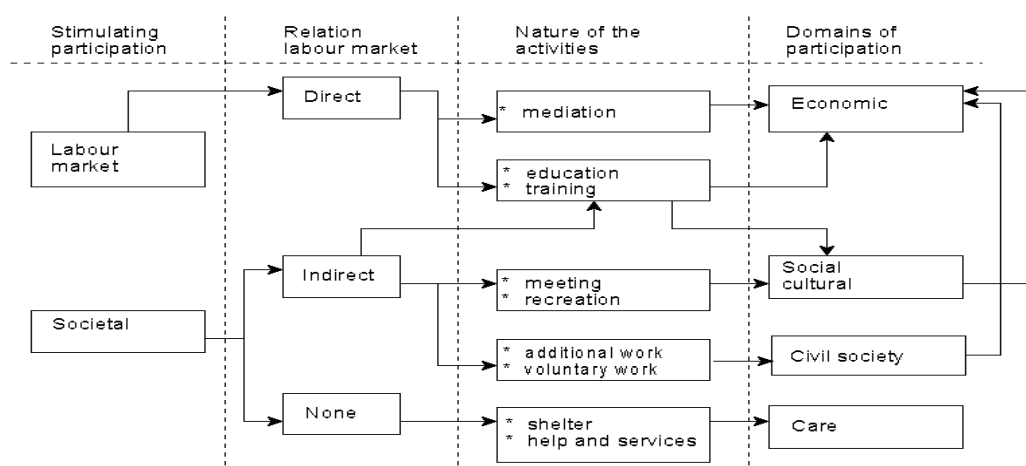
*Social activation as a key term for all activities to stimulate*

For this distinction between these two forms of social activation the term 'activating labour market policy' can be made versus the term 'activating social welfare policy'. The activities under the latter seek to reach people who are not integrated into society and attempt to stimulate their participation in forms of so-called useful social activities including voluntary work.

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<sup>18</sup> It must be recognised that in the case studies there are different stages of implementation. So are not all domains in charge in one case.

Table 4.1: Social Activation



### Activation of human resources

*A typology of persons based on the capacities/ human resources of the target group*

We are talking about different qualities of communities and individuals that will be stimulated in participation. A categorisation of social activation activities in four phases can be made on behalf of the capacities/resources of the target group.

Labour, being active in the formal labour market, is in the European policy context seen as the most important indicator for social integration of persons. The policy programmes and activities focusing on the supply side of the labour market - jobless people - starts from this concept. Activities such as job placement services and (re)introduction to employment programmes exemplify this. The target group is people who, due to their education and (work) experiences are not far from the actual demands of the formal labour market.

People who belong to the so-called *phase 1* activities<sup>19</sup>. They are jobless people who can be directly mediated to the formal labour market. Normally, a period of about six months will be realistic to achieve their integration into paid employment.

At the same time it is recognised in some cases that conditions must be present to facilitate the aim of participation and integration in the formal labour market by stimulating participation and integration in other spheres of the society. The target group consists of people who are distant from the formal labour market. Before stepping into the labour market there must be training, schooling (social and cultural participation) and/or getting work experiences by doing voluntary work or subsidised labour/additional work in the sphere of the civil society. For this category of people there are also other

<sup>19</sup> This typology is primarily made by professionals and based on the policy instruments that are given for social integration in relation to more objective characteristics of the 'client' like education, work-experience and health. Another typology can be made on behalf of the way jobless people define the situation by their own: their feeling, their attitudes and behaviour. This typology demonstrates why some programmes do not work or do not have the expected effects because of the different orientations on social participation in particular on labour and labour market integration. Merton (1957) gave a variety of researchers inspiration to make such a cultural typology; for instance as worked out by Engbersen (1990). He distinguished the conformist: the one with a strong orientation on the formal labour market and do not accept the situation of being workless; the retiring: the one who do not believe in returning to the formal labour market and do accept their workless destiny - ; the entrepreneur/calculating: the one who (more or less) accepts the situation but is looking for or has found other and informal ways to survive; the autonomous: the social benefit give them the opportunity to live their own/ alternative life. Empirical evidence shows that most of the target group belongs to the conformists and the retiring ones (Hoff et al, 1998).

'stepping stone activities', such as meeting other people and recreation. These are the candidates for activities who belong to the *phase 2* activities and are jobless people who can find employment after a short activity programme of up to six months.

On the one hand societal participation is seen as a step towards the labour market. On the other hand it is recognised that for several categories of jobless people this aim, i.e. societal participation as 'a stepping stone' to the formal labour market, cannot be achieved. Social integration in other spheres of society than the regular labour market is the target of integration; a decent form of social integration for people who are now in the margins of society. Their distance to the labour market is far and the chances of them ever reaching the formal labour market are small. For the candidates of *phase 3* a longer period than a year is foreseen before mediation can take place.

Special measures are required for the jobless who belong to the so-called *phase 4*. They do not have (yet) the capability for the demands of the labour market. Considering the fact that every society – to a certain extent - has its drop-outs that won't fit in a regular job, makes it clear that social economy projects such as in Germany, France and the Netherlands, prove to be worthy also in a non-labour-market-sense. Projects like these have an important function for the individual well-being of the participants by removing them from social isolation, getting them out of the drugs-circuit etc. and by giving them a daily routine, guiding them intensively and connecting them with other people and the wider society. On a broader level, projects like these that focus upon hard-core multi-problem groups, prevent these people from hindering others by the excesses that come together with the extreme lifestyles of certain members of these multi-problem groups.

#### *Instruments and policy targets*

1. *Activating labour market policy with a direct relation with the labour market.* 'Basic' programmes of job centres as mediation/ giving information and these programmes are based on phase 1 candidates. The main target can be formulated as 'direct mediation of jobless people to the labour market'.

2. *Activating labour market policy with an indirect relation with the labour market.* Activities and measures like: schooling/training; intensive mediation and support; subsidised labour; working on the spot. These programmes are based on the phase 2 and 3 candidates. Targets are the improvement of the educational level and working attitude of these candidates.

3. *Activating social welfare policy with an indirect relation with the labour market.* Activities and measures like: subsidised labour; working on the spot; voluntary work. These activities are based on the phase 2 and 3 and for a part the 4th category. Targets here also have to do with the improvement of educational levels and working attitudes, and also obtaining working experiences and giving people a (societal) useful daily structure and life. On the level of the neighbourhood targets are formulated to improve the quality of life (housing and environment, social cohesion) and decrease social isolation through the creation of socially beneficial (welfare) facilities.

4. *Activating social welfare policy without or with a weak relation with the labour market.* Activities and measures are in the first place connected with the need for care of these people by combining voluntary work, special subsidised labour and in special situations working on the spot. The main target here is giving people a (societal) useful daily structure and life.

### *Dilemma: temporary or structural?*

Recognition that social activation initiatives alone will not lead to employment, can in policy terms be seen as a paradigmatic change. In former times stimulating and creating employment, and in this perspective income, were the main and only targets for socio-economic development strategies. Nowadays it is more and more acknowledged that economic participation is not possible for every one and that labour is not the only way for welfare and social integration. The problem of social isolation and social inclusion is more complex. But recognition is not enough. The ELSESES project shows that initiatives can play an important role in urban regeneration processes by the creation of new forms of employment and by the provision of goods and services to satisfy needs in the sphere of the quality of life, for which neither the market nor the public sector currently makes adequate provision. But most of them have a temporary characteristic and, therefore, limited options. As stated in one of the national reports: "Jobs created in the subsidised labour market schemes are of temporary basis. The majority of them offering one years work experience with the possibility of an extension for another one or two years" and: "It is most probable that none of the jobs created will remain at a later date without state subsidies" (Weck et al., 1999: 13). To close this section it must be stated that some measures within the ELSESES project still show a (too) strict focus on bringing the unemployed back to work, and lack the above mentioned wider coherent policy concept of how to deal with the unemployed; and their different distances to the labour market. Stimulating and creating employment is not enough, but that it is necessary to develop policy perspectives beyond economic participation.<sup>20</sup>

#### **4.1.4 Partnership and participation**

##### *Definition and relevance*

Partnership and participation are very fashionable words but they need to be defined and clarified. Both partnership and participation deal with collective action and co-operation, but partnership is focused on institutions whereas participation is considered here at either individual or informal group level.

*Definition and  
relevance of  
partnership and  
participation*

In selected projects, participation can be defined as the involvement of the target group, or users, who do not passively perform the action but take an active part in decision-making process. Partnership has been defined as a coalition of interests drawn from more than one sector in order to prepare and oversee an agreed strategy for the regeneration of a defined area (Bailey et al. 1995). Partnership is an essential element in the *urban regime approach* which centres on

(...) the need to think about co-operation, its possibilities and limitations - not just any co-operation, but co-operation of the kind that can bring together people based in different sectors of a community's institutional life and that enables a coalition of actors to make and support a set of governing coalitions (Stone 1989, 8).

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<sup>20</sup> Recent data on the Dutch situation gives an impression of the characteristics of the unemployed - their distance to the labour market - and therefore the need of broad policy-problem definition and a variety of measurements. The data on people who are unemployed and registered by a job center (arbeidsvoorziening) shows that the characteristics of people who are longer than a year candidate for social activation are different than new ones; most striking is that almost half of them have a far distance to the labour market (phase 4). The chance being labeled as such in general increases on behalf of time being workless, age and being migrant.

It can be argued that participation is the key to social integration. Marginalised residents of a stigmatised area need to commit themselves into a co-operative process with others. It is easier and more efficient when people can express themselves and see their views are taken into account (Smith & Blanc 1997).

Therefore, participation and partnership are very relevant issues in this research project. However, if the rhetoric about participation and partnership sounds convincing, it must be acknowledged it is usually followed by a modicum at implementation stage. In the analysis of participation and/or partnership processes, a clear distinction is necessary between policy formulation and policy implementation.

Participation is a necessity for a successful struggle against unemployment and social exclusion. This struggle also requires the collaboration of various institutions belonging to public, private and voluntary sectors. They have conflicting logics which need to be overcome through an appropriate partnership. Notwithstanding their problems and difficulties, partnership and participation are vital issues.

### *Dilemmas*

Partnerships and participation are very often caught in vicious circles and the main issue is how to get out of them. How to transform a negative self-fulfilling prophecy into an innovative one? Marginalised groups who experienced a long list of failures cannot seriously take up offers of participation: Their views were rarely taken into account, and they tend either to withdraw or to be very aggressive in expressing their views, strengthening prejudices against participation among politicians and decision-makers. Participation, therefore, needs to go hand-in-hand with enhancing community capacities.

*Dilemmas of  
partnership and  
participation*

Partnership also raises the issue of power and its distribution. Partnership relies on trust and it cannot be taken for granted. The risk of being abused at a later stage cannot be totally excluded. Even inside a single institution, a local government for example, various departments look at partnership as a threat for their autonomy. In a similar way, institutions are afraid to lose their independence into a partnership approach and to be forced to act against their own principles. Every partner must redefine its own identity, i.e. both change and keep it. It is a pre-requisite for taking into account interdependencies which pave the road towards social integration.

In a public-private partnership, democratic leaders of public institutions are often afraid to be driven to follow market principles and to act in a businesslike way, giving up democratic accountability. But no single institution is able to meet alone the challenge of social exclusion (Blanc 1998). „A partnership approach is most likely to be effective within the context of a continuing commitment to a universal public welfare system, to which there remains strong public attachment„ (Geddes 1998, 141). State and market must work together and their representatives must agree on acceptable compromises.

The relevance of local partnerships in tackling social exclusion is another main issue. Partnership is of course easier to implement when resources are available than when they are limited. It means that the partnership approach is not necessarily focused on areas of greatest need.

Local partnership, by itself, is a *valuable but not sufficient answer* to localised problems of poverty and exclusion. The more that problems in local areas are structural, - rooted, for example in major weaknesses of the local economy and employment prospects, in severe deficiencies in the physical and social infrastructure, or in the poor performance of mainstream policies -, the less likely it is that local partnerships will be able, by themselves, to provide solutions. Such

structural issues may well be beyond the remit of competence of local partnerships (Geddes 1998, 143, his emphasis).

### *Empirical evidence*

Every selected project is based upon partnerships which may be more or less formal and stable. Furthermore, emphasis on the necessity of partnership does not prove its effectiveness at the implementation stage. Most projects, but not all, include a combination of institutional partnerships with some form of users' participation. Projects may be classified along these lines as follows :

*Institutional partnerships.* Govan initiative has the most sophisticated partnership agreements between firms, training institutions, local authorities and funding bodies. For example, when recruiting their work force, subsidised firms have the contractual obligation to give a chance to the local unemployed and to call them for an interview. In Rosengard, House of Entrepreneurs and Job Emergency Ward are based upon a strong partnership between the social landlord and respectively the Centre for new businesses and a private company providing temporary jobs. In the former case, the social landlord has an interest in helping its unemployed tenants to find a route into jobs and to be able to pay their rents. In the latter one, a first aim is to transform an exclusively residential neighbourhood into a more economically balanced and attractive area. A second aim (which is not yet effective) is to help unemployed tenants who intend to create their own business. In Pomigliano, Territorial Employment Pact promotes a partnership approach but slight evidence is given on its effectiveness.

*Participation and partnerships.* Every project in Leiden -Noord and Nancy-Laxou combines institutional partnerships with some form of users' participation. In Leiden -Noord, participation is most important in The Route and Community Labour Company projects. In Laxou, City Fashion and Training for Domestic Jobs are open to initiatives and participation of users. In other projects, initiatives and participation of users is seriously restricted by the weight of institutional arrangements. This happens in Leiden Zijl enterprises, Laxou Bus Stop project and Marxloh Neighbourhood project.

The promotion of very small and/or individual enterprises, as experienced in Marxloh, lies on the borderline between an institutional partnership and individual participation, as an individual opening his/her own firm is creating a new 'micro' institution.

### *Conclusions and recommendations*

Institutional co-operation is a necessity as no single institution can handle issues such as professional and social integration of marginalised groups in disadvantaged areas alone. But partnerships create tensions and conflicts, for in working together, institutions and professions must adopt new practices. But they are often afraid of losing their autonomy, their power and even their identity in this process. Therefore, a successful partnership agreement requires a heavy commitment and strong political support at top level. New roles for each partner, whether an institution or profession, must also be very clearly redefined.

As suggested by Michael Geddes (1998, 150):, local democratic accountability should be strengthened rather than weakened by partnership working „. It is the cornerstone of a 'community governance' involving collectively citizens in the decision-making process at neighbourhood level. It is one of the forms of grass-roots democracy.

Professional and social integration of marginalised groups cannot be successful without their own commitment and they have to be active in the process. When institutions and

professions in charge of these issues genuinely want to promote users' participation, they usually expect them to act according to conventional standards of political participation and they are disappointed to see it is very often a failure. They do not want any longer to assist people and they resent the apparent lack of responsiveness. Assistance vs. empowerment is a false alternative. Empowerment is a long process which requires mediation. Although it may appear contradictory in terms, there is room for an 'emancipatory support' towards marginalised groups searching their routes into jobs and society.

#### **4.1.5 Project-led vs. Strategy-led development**

##### *Relevance*

When dealing with local socio-economic development topics in a public policy analysis context it is quite evident that the political approach chosen to reach significant results needs to be analysed. Evidence from the research areas show that two different approaches to local development can be distinguished: project-led and strategy-led. The distinction is an analytical one, as in reality elements of both approaches will often be found in parallel.

##### *Definitions, potentials and dilemmas*

A strategy-led approach is one that basically is consistent with a long-term vision for the area and a wider range of action. The main feature of a strategy-led approach is its capability to formulate and implement a comprehensive policy process. At first glance, this approach seems less flexible than the project-led approach, as it requires substantial co-operation among actors and institutions. The discussion of objectives and feedback mechanisms for monitoring, the establishment of clear priorities and choices or an overall vision for the area ties time and resources of involved actors. Developing strategic perspectives establishes a framework for action. To develop perspectives and to make them visible and transparent for public discussion may be called a pre-condition for the commitment of local stakeholders. Strategy-led development secures that the broader long-term aims of an initiative are not lost in daily routine, or in pragmatic reaction to newly arising funding opportunities, political or lobby group pressures. To develop a strategy may also prevent essential problems from getting tackled over time for pragmatic reasons. A strategy sets a framework that allows the prioritisation of one project over another. Above all those projects are to be initiated and implemented to make a valuable input to the achievement of the wider and long-term goals of the initiative. The perspectives established need to be visible for all stakeholders and subject to discussion. Strategy-led development needs to allow for flexible adjustments, it needs to be open and based on social learning processes, otherwise it may produce negative effects often linked to bureaucratic, top-down acting.

*Potentials and dilemmas of a strategy-led approach*

The main feature of the project-led approach is local flexibility, that is, the adequacy of the project to respond to the dynamics of the context, because the management phase, as well as the monitoring and evaluating activities, can be smoothly handled. Project-led development enables quick and flexible reactions to locally arising opportunities. Projects need to be able to attract and ensure the commitment of others against more abstract or structural forms of formal involvement. They also bring about faster results. A project-led approach is less likely to produce the negative effects of bureaucratic mechanisms either in the policy formulation or implementation phase. By contrast, a lack of a wider vision may occur. There is a danger that single projects work on the most

*Potentials and dilemmas of a project-led approach*

perceptible problems, that those projects get initiated that promise for the highest return, or simply are following funding opportunities. Thus local action may not range widely enough, and/or may not address the root causes of decline and disadvantage, all in all leading to an unsatisfactory impact on the area.

From these statements it can be argued that a combination of both approaches, rather than the necessity to make a trade-off, is required. That is, the strategy becomes locally flexible through projects. Overall strategies for an area will allow the prioritisation of one project over another as in return the implementation of projects may affect or lead to adjustments of strategic perspectives. The challenge is essentially to balance and link the two perspectives.

### *Empirical evidence*

The case studies point out that there is no real trade-off between the approaches but the tendency to combine their relative main features. The definition of strategic priorities and their implementation through projects cannot be separated because the project-led approach also needs a co-ordinated decisional structure around the problems identified, while the strategy-led approach requires operative and/or circumscribed projects to get the essential flexibility at local level.

Nancy-Provinces seems to represent the clearest project-led orientation. These projects also show the clearest bottom-up characteristics in the range of case studies. In the case of Leiden-Noord, the social activation component, while emphasising the project-led approach, sets up a concrete strategy that links the initiatives in pursuing the regeneration process of the area. Malmö-Rosengård and Glasgow-Govan represent the cases with a more strategy-led development. Both experiences are based on a well focused area vision, and a wide range of co-ordinated action. They, as in Leiden-Noord tend to be led by more pluralistic partnership arrangements than the other cases. In most of these cases the strategies developed, that is, started with different projects that were then integrated into or developed further to a strategy, with mutual adjustments, over time.

On the other side, Pomigliano and Duisburg-Marxloh represent a still more local-authority led approach in comparison to the other case studies. In particular the Italian experience has developed a very complex strategy with a clear overall vision. However, strategy formulation and implementation tend to fall apart, with difficulties in the projects' implementation. In the Duisburg-Marxloh case it is not to speak of strategy-led development, but rather of top-down policy processes in which priorities and objectives have been decided upon by mainly political actors.

### *Conclusions*

There needs to be a balance between the systematic development of a set of actions which address the fundamental issues of decline and disadvantage, and immediate problem solutions, that help to alleviate and manage the symptoms.

There is no necessary relationship between bottom-up developments being project-led, or strategy-led approaches being characteristic for top-down approaches. Rather we see that multi-stakeholder and partnership-led approaches are most effective in balancing project-led and strategy-led development.

The project-led approach, while making less complex the implementation process may be less effective as regards impact on the area because of the lack of a systematic vision of the area problems, potentials and dynamics. By contrast, strategy-led approaches, that are



not implemented in the context of a multi-stakeholder partnership approach, risk to face operative problems and thus become irrelevant or overruled.

#### **4.1.6 Balancing social and economic measures**

While employment and income generating activities have been the main emphasis of the project, the very concern of improving the quality of life in urban regeneration areas does not allow for isolated perspectives. This chapter focuses on the social and the economic measures taken in the areas under study and points out arguments and evidence for the statement that - amongst others - a balance between social and economic measures is needed to tackle the complex set of problems in disadvantaged areas. In the context of the ELSES research we can distinguish three types of strategies for generating employment and increasing income opportunities, in which social and economic measures are included in different ways (see chapter 1.1.).

*Strategies for  
generating  
employment and  
increased income  
opportunities*

The first type consists of strategies enhancing labour supply, including preventive and employability measures, as well as measures to promote the re-employment of the long-term unemployed. Measures taken seek to break down dependency relations and broaden the grip of individual unemployed persons on social reality, like education programmes and measures directed to the provision of services in the sphere of welfare (for example: transport facilities, childcare facilities, etc.) that improve the take up of employment.

The second type of strategy looks for opportunities to increase the demand for labour through inward investment, developing entrepreneurship and maintaining a competitive business base, by supportive measures to the development of new businesses, and the growth of the local small and medium-sized business base. This is done, for instance, by adapting zone-schemes and by offering collective premises for businesses. Furthermore, starting businesses can be protected from the hindrance of complex legislation and rules in an effective way. In this strategy type the economic measures are dominant. The social aspect of this type of strategy consists of the search for local economic needs and potentialities, which can be of use in the economic empowerment of a neighbourhood.

And in the third type of strategy, attention has been directed lately to the scope for the creation of new jobs at the local level, be it in the social economy, or in promising areas with an employment potential (environmental technology, services sector, etc.) (EC 1998; EC 1995). The improvement of the liveability and the cohesion of neighbourhoods, connected with aspects as employment, stimulation of the purchasing power and the amount of (local) transactions, can generate economic activities and give social measures an economic meaning. Such a neighbourhood approach of economic activities is neither based on solely an economical model nor only on a social model, but intertwines social and economic measures. In this strategy social and economic measures are very much interlinked.

#### *Social and economic measures in their national context*

The way in which local development strategies in the different countries link social and economic measures, strongly depends on their specific national background. While there is a universal trend towards more integrated and comprehensive localised policies in all countries, the most explicit economic focus within the range of our case studies we see in Glasgow-Govan and Pomigliano d'Arco. In the German, Swedish and French contexts, the earlier urban regeneration policies with a focus on housing improvements and physical upgrading in the last decade have given way to strategies and projects that give higher priority to the social and economic conditions of disadvantaged people (see

chapter 2.2.2.). Of the six research countries, the situation in the Netherlands shows the most explicit link between economic and social measures. A booming Dutch economy picking up and the small number of unemployed that consists of a difficult hard core of clients, with low skills, a lack of work experience and/or social problems form the condition for the increased need for very specific social measures. Dutch policy of the last years therefore can be characterised by the view that economic problems should not be treated in isolation from social problems. Although employment considerations take a central role in the successive urban renewal policies, the improvement of the local economic situation is seen closely inter-linked and interdependent with the improvement of the quality of life. The overall aim is the improvement of the quality of life in the neighbourhood.

*Empirical evidence on balanced social and economic measures as a factor influencing success*

A combination of social and economic measures - be it on the single project level or on the level of the overall strategy - is a factor influencing success. We see positive results of intertwined local social and economic measures in the field of the residential and local environment, integral neighbourhood management and the improvement of the quality of life at the neighbourhood level, especially when the local community has been involved in the solution of problems and unemployed people from the community have been brought into action. In the following, examples of these outcomes are presented.

The Nancy-Provinces project 'Training for Domestic Jobs' proves that a socially based employment strategy is a factor of success. In this project women working informally before in the caring sector get access to more stable and regular jobs. An important element that influences the success of the project is the fact that the project is based on and designed according to the specific needs of local women. Also the Nancy-Provinces City Fashion Project and The Job Emergency Ward in Malmö-Rosengård show us how knowledge of the specific local socio-economic situation has a positive influence on the success of these projects. In both cases a strategic success appears to be the fact that the origin of the initiative has its roots in the specific needs of the local residents.

On the other side, there is empirical evidence that suggests that a lack of socio-economic specificity can influence the project's results in a negative way. Evaluation of the project development activities of the local economic development agency in Duisburg-Marxloh provides evidence that a widely accepted established vision for the area and a more detailed analysis of the role and perspectives of the local Marxloh economy in the wider urban context would have shown better results.

The Scottish and also the Italian example show that a narrow economic approach may show some limited direct impact on the employment in the area. However these will be of limited sustainability, while also positive spin-off effects in the sphere of the quality of life in the neighbourhood, stay behind. As a consequence, the focus from the Govan Initiative has been shifting from the principal activity to stimulate economic activity in the Govan area in earlier years, towards an approach that includes social development aspects as well. The case of Pomigliano d'Arco points out that a narrow focus on firms that are already competitive on markets with little regard of their local embeddedness, results in a marginal contribution for the local area. The research points out that successful entrepreneurs tend to move away so that the individual success of young entrepreneurs is not contributing to the local economy. Specific area-based and intertwined socio-economic measures need to be taken to improve an projects' positive impact on the area.

In the Dutch project The Route, the chosen client-oriented long-term approach proved to be an important factor for the success of the project. The same kind of evidence that points out the importance of balanced economic and social measures is found in the French case. In the Bus Stop Shelter Project (Nancy-Provinces) no participant was able to get his/her driving licence at the end of the training - which was an obstacle for a quick professional integration. Individual follow-up coaching was needed and successfully provided to overcome this obstacle.

### *Dilemmas and their resolution*

The neighbourhood is not necessarily the policy level at which deprivation problems can be solved. Many problems that relate to unemployment, like the 'poverty trap' and 'downward displacement' do not stem from the neighbourhood level but derive from a higher level. This points out the necessity of intertwining social and economical measures and the necessity of linking scales of intervention (van der Pennen 1999a).

*The necessity to link scales of intervention*

Therefore, local (social and economical) policies must be formulated with a clear understanding of their wider city/regional/national context (Turok 1998). A clear analysis is needed of the origin of the encountered problem both within and between the sectors, as well as the role that the neighbourhood level can play in its solutions and which other policy levels are adequate for specific policy intervention.

Incentives-policy can play an important role when it comes to the creation of better conditions for economic development. For instance, by adapting zone-schemes and by offering collective premises for businesses. While economic development processes can only partly be influenced by policy measures on different scale levels, (local) governments nevertheless have a role to play. For instance, a cluster of socio-economic activity won't develop without any help from the government. Furthermore, starting businesses can be protected from the hinder of complex legislation and rules in an effective way. The knowledge of being assured from this kind of political support can be of great importance for starting businesses. Besides that, the government has a role in tracing new markets and new (economic) developments.

*The role of governments*

### *Conclusions and recommendations*

Because social, economic and physical problems in disadvantaged neighbourhoods appear to be intertwined and interlocked with a vicious circle leading to a spiral of decline, the first general conclusion must be that face-lifting has no sustainable effects, when the problems behind the façades remain in form of unemployment, social welfare dependency and social isolation. Therefore strategies have to link economic, social and also environmental measures to a holistic approach including measures to tackle the circumstances that inhibit the take up of employment.

The ELSEES study shows that economic strategies that strive for the integration of unemployed people are much more effective in combination with and/or in relation to social measures. This is proven in the projects that take into account the fact that hindering circumstances in the private lives of the project participants need to be tackled prior to or in parallel to labour market integration. Social insertion appears to be a pre-condition before professional insertion becomes a realistic option. Projects with a client-oriented approach show how a social-oriented approach during the client's participation in the project contributes to a successful societal integration of the individual in the end.

Another argument for balanced social and economic measures that is closely connected with the former has to do with the process side of local socio-economic strategies.

Professional and social integration of marginalised groups cannot be successful without their own commitment and their participation in the process.

Another general conclusion that derives from the ELSESES research is that a good quality of life on the neighbourhood level - in other words: a clean, safe and socially cohesive neighbourhood - is an important precondition for new economic development to occur, and the sustainable growth of existing economical activities in that neighbourhood. Therefore balanced social and economic measures are needed.

Another argument for well balanced social and economic measures lays in the fact that knowledge of the specific local socio-economic situation appears to be an important success factor when the improvement of employment opportunities for local people is strived for. The improvement of economical activities in neighbourhoods opens up the possibility to connect both the public and the private sector, which gives many good opportunities for social enterprises –next to and followed up by initiatives in the market sector.

The last reason for well balanced social and economic measures, is the fact that in many of the projects under study, target groups of the projects are skimmed off by the regular labour market, while those with the greatest distance to the regular labour market remain. Those people – often belonging to a hard core multi-problem group – will never be able to fit in a regular job. For these persons the participation in social welfare arrangements and also in social enterprises is of great importance for their individual well being and their integration into the wider society. Purely economic measures won't give the right answer here, specific social measures must take over.

#### **4.1.7 Funding**

All projects included in the case studies have to various degree been publicly funded. An assessment is that the projects would have been impossible to implement or at least severely restricted in terms of scale and scope if public funding had not been available. However, when comparing the case studies substantial differences in financial arrangements can be observed. One difference lies in the role and amount of public funding. While public resources was the only source of funding in some of the projects, others in various degree were funded by non public agencies, e.g. private companies, third sectors organisations and housing companies. Another difference can be observed when looking at the mechanisms for public funding. In principle two different modes can be observed, 'core funding' and 'competitive funding'.

*Characteristics of  
core funding*

Core funding is characterised by a long term commitment, made by a public agency, to finance the core of the activity in question. In addition to this commitment, which provides basic funding sometimes additional resources can be obtained, e.g. by one-time-insertions for special activities often limited in time, by applying for additional funding, or by obtaining resources from the private or third sector.

*Characteristics of  
competitive  
funding*

Competitive funding is characterised by the non-existence, or minimal amount of „core-funding“. Resources to finance a specific revitalisation effort, such as the ones focused on in our research project, are obtained by participating in competitive bidding, i.e. a specific amount of public resources are designated for a specific purpose. Interested actors/projects are encouraged to make bids for the resources available. The final distribution of resources reflects the strengths of the bids provided by the actors/projects competing for funding.

In the case studies are reported that both of these funding mechanisms have advantages as well as disadvantages. From the perspective of local economy, in disadvantaged urban

areas, arguments can be raised that efficiency could be improved by mixing elements from these two modes for funding. In the sections below pros and cons with the different modes for funding are discussed. In conclusion some arguments to improve efficiency in terms of mechanisms for funding are put forward.

### *Core funding*

Core funding has its major advantage in that it makes it possible to decide on a long term commitment for a specific project/activity. Ideally, based on solid knowledge about the needs within its jurisdiction the public body it can decide to earmark resources to be spent in a specified area, decide on specific activities to be carried out and objectives to be met. This mode for funding has two advantages. Assuming that the level of needs are correctly assessed by the public body responsible, available resources can be allocated to areas with the most urgent needs. Second it provides a continuity for professionals and agencies working in the area. Once priorities are set by the public agencies long term plans and co-ordination efforts can be developed. Of course, it needs to be stressed that this long term commitment and continuity can't be taken for granted. Budget cuts, shifts in political objectives and policy may very well jeopardise co-ordination and long term planning ambitions.

*Dilemmas and potentials of core funding*

However in parallel to its advantages 'core funding' is accused of being inefficient, as it can be insensitive to the changing needs and preferences among residents and as it often lacks incentives to develop new and creative solutions to the problems that are to be tackled. Sanderson (1999) identify a number of ways in which power and authority are removed from ordinary people and vested in public service organisations which are then charged with allocating welfare services 'in the interest' of those citizens. For example the attitudes and perceptions of health and welfare professionals play a predominant role in assessment and decision processes, deriving from notion of professional expertise and access to 'objective, factual knowledge' (Sanderson 1999). 'The professionals speak on behalf of the client/consumers and control decision-making. Their expert knowledge is privileged over the client's lived experience' (Onyx and Benton 1995, quoted in Sanderson 1999). Thus welfare can be seen as delivered by social professionals working within national and local bureaucratic structures which determine the social relationships of delivery (van Kempen 1996). Social professionals rarely live in the neighbourhoods in which they work, restricting their view of social relationships within the areas. There is an inbuilt bias against recognising the breadth and complexity of place based stakes and the diversity of residents (Allen, Cars, Madanipour 1999).

Further resistance to change among professionals and agencies is a relevant issue when assessing the performance of projects/activities financed by 'core-funding'. Structural change significantly alters the social realities and problems of those served by professionals, so that there is a need for reformulating work methods, goals and priorities. However, these changes are not always embraced by professionals and agencies. On the contrary, there is often an outspoken or silent resistance to change based in the perception that existing professional roles and organisational structures are safe and habitual. At the same time, locally based officials and professionals may also be reluctant to change their practices because they exist at the peripheries of their own organisations and are not involved in the development of urban policies and programmes within their own agencies residents (Allen, Cars, Madanipour 1999).

### *Competitive funding*

Flexibility, creativity and innovativity are catch-words commonly put forward by advocates in favour of competitive funding. It is claimed that communities benefit by

assessing their assets and problems, by creating a vision of a better future, and by structuring a plan for achieving that vision. 'By participating in the process, local partnerships among community residents, business, financial institutions, service providers, neighbourhood associations and state and local governments can be formed or strengthened to support a plan for revitalisation' (Hambleton 1998). Being competitive in the bidding processes assumes that the tender is knowledgeable about the needs of the area and its residents. Further the mechanisms of competition provide incentives for innovative and creative solutions as chances of getting funded increases if new, supposedly, more effective approaches are presented. Being competitive also encourages collaboration and co-ordination among involved partners, which also is assumed to lead to improved efficiency.

Parallel to these advantages 'competitive funding' has obvious disadvantages. Perhaps the most important is that resources are not per definition allocated to areas in the most urgent need for support. Rather, 'competitive funding' allocates resources to projects and areas that provide the best bids. This discrepancy between on the one hand needs of revitalisation and on the other allocation of resources is confirmed by research. (see for example Modarres and Norman 1998). Another disadvantage lies in the fact that collaboration between various project/initiatives render more difficulty. Mutual exchange of information, ideas and experiences become problematic in a context where the relation is characterised not only by common interests, being 'disadvantaged areas', but also by being 'competitors'. Finally 'competitive funding' is accompanied with an increased need for bureaucracy and administrative expenditure. A large amount of wasted effort and funds have been used in the preparation of abortive bids (Hambleton 1998).

### *Conclusions*

Obviously the two models for funding, practised in the case studies included in our research project, have both pros and cons. From the experience gained in the project there is no ground for favouring one in front of the other. Rather the challenge lies in a discussion whether negative features of the models could be taken away without eroding the foundation of the models as such, and whether positive elements of the models could be merged.

Two valuable features of 'competitive funding' are innovativity and creativity. In 'core funding' a corresponding positive feature lies in the interest to share information and to learn from experience of others. Regardless of whether 'competitive' or 'core' funding is chosen as the basic model for allocation of resources, these positive features could be build into the funding model. Competitive funding projects could be conditioned exchange of information, i.e. stipulations about transparency, reports about work methods and approaches, and compulsory work shops for debate and exchange of information. Core funding need not be equivalent to 100 percent long term funding for specified activities. Rather arguments can be raised for long term commitments, in which part of available resources are reserved for flexible and innovative ideas which emerge over time.

The need for joint action and co-ordination are stressed in the conclusion from several of the case studies. This need could be accommodated in both models. In 'competitive funding' demands for collaborate efforts and partnerships could be build into the invitation to tenders. In 'core funding models' resource allocation could be conditioned collaboration between involved agencies and other stakeholders, thereby providing incentive for co-ordination of resources and development plans.

In conclusion, we can see pros and cons with both the models used for funding. There are possibilities to improve the models by incorporating new features and restricting

disadvantages associated to them. Regardless of choice of model a recommendation emerging clearly from the case studies is that more emphasis has to be put on the monitoring and evaluation of revitalisation schemes. Basically the task is to reduce the negatives, i.e. by assessing whether the projects manage to meet the objectives set out and perform efficiently. In these monitoring and evaluation activities the impacts and assessments of local residents are crucial.

#### 4.1.8 Target setting, evaluation and monitoring

##### *A relevant issue in the research areas*

There are many reasons why to monitor and evaluate local socio-economic strategies: They include the justification of activities and measures for political reasons or for funding purposes, the aim to measure progress among the target group or targeted area, quality control of ongoing activities and the purpose to improve services, the objective to assist strategic planning, or for policy development reasons (European Foundation 1998b, 17).

Empirical evidence from the research areas shows that the use of evaluation, the quality of its organisation and the use of results varies widely.<sup>21</sup> In accordance with national evaluation capacities within European countries most noteworthy evaluation and monitoring culture is reflected in the British and the Dutch case. Glasgow based Govan Initiative stands for the most advanced performance and impact monitoring system of a local agency within the set of evaluated case studies. Partly this may be due to the fact that local economic initiatives have a long track record in this environment and at the same time small core funding and competitive funding mechanisms are strong incentives to measure and prove the efficiency and effectiveness of the initiative. With Govan Initiative being a good example for strategic target setting and monitoring, an equivalent system into which the different actions of partner (agencies) feed in the overall goal of area regeneration, seemingly is still harder to achieve in Govan. Area based monitoring of changes and constants in indices in a range of policy fields of the (local) state is well advanced in the Netherlands. It is mostly used to inform policy makers, politicians and professionals on ongoing changes in social reality and legitimisation for state spending. Evaluation and monitoring are not yet very sophisticated instruments in collective problem analysis and problem solving, but still instruments in progress (van der Pennen, 1999). Evaluation and monitoring in other case studies is less developed for several reasons, be it for the innovativeness of local economic policy initiatives (Sweden, Germany), the traditional predominance of macro economic studies (Italy) or in general for uneven or fragile evaluation and monitoring culture and practice in the national context.

*Evaluation and monitoring culture in research areas varies widely*

Summarising the experiences from research areas, among the ascertained shortcomings are a lack as regards the logic of the programme and the *target setting* (clarity and coherence of objectives, definition of attainment levels, definition of contributions of

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<sup>21</sup> Evaluation capacities widely vary within the European Member States. The European Communities MEANS collection sees an advanced practice within the framework of national or regional policies (also outside the Structural Funds) in Sweden, the Netherlands, and the UK. Here, evaluation is more and more used as a „tool of democracy by informing citizens, if not seeking their consent on state spending., (EC MEANS 1, 45). Germany (former Länder) and France are Member States in which evaluation is becoming increasingly established as an aid to the design and management of interventions and to an increasing dialogue with the evaluators. In Italy (South) evaluation is still seen as an „additional workload., and more a response to obligation rather than a voluntary exercise. Also, evaluation is more limited to the Structural Funds than in other countries (EC MEANS 1, 45).

partners), the policy *monitoring* (systematic collection of internal review data and monitoring of effects), and the *evaluation* of the impact and the effectiveness of local policy interventions (such as longitudinal studies on beneficiaries of placement or work experience schemes, follow-up evaluations on beneficiaries of business development/-start-up schemes).

### *Dilemmas of evaluation and monitoring*

While evaluation and monitoring are complementary in a sense and are often used synonymous, they yet have distinctive functions.

#### *Definition evaluation*

Evaluation is commonly defined to deal with the effects and the impact of a policy, a programme or a project. It assesses the progress made towards the achievement of objectives (ILO 1995). The extent of goal achievement is however commonly seen as a starting point only (European Foundation 1997, 31). Evaluation is the „judgement on the value of a public intervention with reference to criteria and explicit standards,, such as the effectiveness of a programme or its relevance in comparison to needs which have to be met by the public intervention (EC MEANS 6/1999, p.17). In the public policy domain, there is growing interest in an analysis of the processes whereby a certain programme or project produces the outcomes it does. Process evaluation focuses on the internal dynamics and searches for explanations of the successes, failures and changes in a programme.

#### *Definition monitoring*

Monitoring provides information for the evaluation of policy measures in a continuous or periodic way. It is related to evaluation and has been defined as „an exhaustive and regular examination of the resources, outputs and results of public interventions,, (EC MEANS 6/1999, 29). It is mostly used for systematically collecting relevant information in policy areas and for reviewing the delivery process of policy measures. Impact monitoring is concerned with the intended effects and its beneficial impacts, but also the unintended and the external impacts of a given programme or project.

#### *Relevance of target setting*

A clear articulation of the logic of a programme in relation to needs concerned and a clear and coherent system of objectives are enabling and supporting the evaluation and monitoring process. Experience from the research areas shows that aims and objectives of a programme are most often defined in a too general and non measurable way. Initiatives widely operate without a clarified system of objectives: What objectives are to be reached and how they form into a system? How the different activities and input of partners feed in order to achieve what is intended?

Among the basic objectives of policy makers against monitoring and evaluation the following arguments are often raised (see Storey 1990, Foley 1992):

- Policy initiatives are so new that evaluation would be premature. Evaluation at an too early stage may hamper the development of experimental policies and innovative projects.
- Evaluation is difficult for a range of methodological reasons. The complexity of needs to be met by public action, the diversity of objectives, policy instruments and measures within a programme are so great that no evaluation system can take them into account. It is too difficult to attribute effects directly to a policy intervention. Also, it is difficult to find the right indicators on social affairs and to define appropriate indicators for measuring the transversal impacts of policy action.
- The development of a system of specific and measurable objectives costs too much time and ties resources that are better used for the implementation of projects to solve the local problems.



Supporters of monitoring and evaluation argue against these statements and see a variety of advantages:

- Even if implemented for relatively short time, one may say that already after a few months it is necessary to evaluate in order to allow for policy changes and reorientations and thus enhance policy impact.
- If objectives are defined explicit and precise enough it should be possible to measure the effectiveness of initiatives in achieving these objectives. There is a wide range of tools and techniques that offer methodological solutions (see EC MEANS 1999).
- A monitoring and evaluation system is as good as it is 'fit for purpose', that is cost-effective and appropriate. It is possible to start with simple ways to gather data (gathering existent data inside and outside the local administration) and take some feedback loops in order to come step by step to an adequate system.

### *Conclusions and recommendations*

With goals of the policy intervention remaining too general and vague, they often remain a list of 'good intentions' or a catalogue. Detailed objectives (i) explicitly express the underlying values and priorities in the regeneration process and thus raise discussion and enable commitment among local stakeholders, (ii) build a strategic framework for prioritising actions and sub-tasks over another, and (iii) they make possible the ongoing evaluation of results achieved.

In conclusion, consideration should be given from the beginning of the policy action on evaluation ways and time frames, more specifically on (i) the process of clarification and consensus building among the relevant actors, (ii) the process of defining (clear and coherent) objectives and agreeing with partners on measures necessary to satisfy identified needs (clarification of expectations, roles and responsibilities of the relevant actors), and (iii) the decision on quality criteria and indicators for measuring results.

A monitoring and evaluation system can be a key tool for regularly discussing and explaining trends with relevant actors in the policy arena, recommend possible policy reorientations and ascertain benefits of a chosen policy approach (see van der Pennen 1999). It has to be flexible and 'tailor-made' rather than being a static or top-down infrastructure. Ideally, it is developed together with rather than in parallel to the network of actors implementing the policy.

## **4.2 Policy recommendations: Lessons for Europe**

This chapter draws together the previous analysis by focusing on some of the main lessons that have emerged, particularly for European institutions such as the European Commission.<sup>22</sup> The lessons are necessarily couched in rather broad terms, since they are drawn from diverse institutional, economic and political circumstances. The lessons are not all appropriate in every situation. Some of the lessons are concerned with local discretion and power to do things without interference from higher authorities. Others

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<sup>22</sup> For policy recommendations for local policy makers, see ELSSES Good Practice Guide.

are concerned with the provision of resources to support local actions. Another set involve other forms of support to local initiatives, such as information and advice.

### *Local discretion*

One of the preconditions for successful local development appears to be a willingness on the part of wider authorities to *devolve selected powers to the local level*. They have to 'let go' some of their control to local actors to give them scope to determine their own policies and procedures, and not dictate how things should be done. This means decentralising decisions about the content and structure of services. It also means limiting the administrative burdens on local actors, including complex funding application procedures, detailed standardised monitoring requirements and intricate rules governing what can and cannot be done at the local level. Such rules and requirements are typically seen by local initiatives as bureaucratic obstacles that get in the way of good practice. At worst, they threaten to paralyse and drown local activity. Higher authorities may need to recognise and use the administrative systems that have been established in local initiatives, not duplicate them by imposing additional reporting mechanisms.

The rewards of localisation should include a greater responsiveness to local circumstances and more variety and innovation in policy. Given the enormous challenges of high unemployment and social exclusion across Europe, such benefits must be pursued with vigour. Higher authorities should seek to *learn policy lessons themselves from successful local initiatives* for wider generalisation and application in mainstream programmes. The expertise of many local agencies exceed those of their main funding organisations in particular fields. The social economy may be an area in which local experimentation has been developing rapidly in recent years. Consequently, the transfer of knowledge and experience needs to be a two-way learning process. This requires mutual respect and humility rather than a high-handed approach on the part of any of the partners.

Provision of meaningful power and authority to local initiatives will mean they are taken more seriously by all stakeholders and will be more likely to attract committed and capable staff. These *powers do not all need to be provided at the outset*: responsibilities can be delegated over a period of time as organisational competence and capacity is accumulated. One way this can be demonstrated objectively is by local organisations being encouraged to subject their activities and operating systems to independent assessment to provide reassurance that resources are not being wasted.

### *Funding arrangements*

The form in which financial support is provided is crucial to the development prospects of local initiatives. Funds that are tied to particular projects and programmes with tightly specified rules, time-limits and targets leave little discretion for policy adaptation and enhancement. They also leave little time for managers to develop new ideas and activities. *Flexible funding is important for genuine policy improvement and the design and testing of new initiatives*. European funds often have to be applied for in small, discrete packets through complex administrative procedures. The requirement that they are always co-financed from other (local and national) sources is onerous for many local agencies when the public authorities covering their areas are experiencing cutbacks. Funding bodies typically operate different financial systems and reporting requirements, causing unnecessary complications that could be overcome by closer co-operation and consistency among them. But the process is much more complex. The financial commitment of other actors (regional and national governments, and/or private actors) as

a usual requirement for European funding is also a strong incentive towards partnerships. Some of the evaluated projects would not have been implemented, or sharply reduced, without European funds. European funding is also an implicit validation of the project quality and it brings more legitimacy.

The duration of support from public authorities is also important. In many cases the regeneration of deprived areas is a major task requiring long-term commitment beyond the neat three, five or ten year period often favoured by higher authorities. Continuity and predictability of central support from year to year is also vital for coherent planning and programming of regeneration activities. It is common for agencies to have to bid every year for funds to do similar kinds of things, but this creates uncertainties and imposes unnecessary administrative costs. It diverts management effort from more constructive activities and encourages short-term perspectives and limited horizons. This is particularly common with the European Social Fund (ESF). Instead, agencies and their partners should seek to develop more sophisticated ways of setting priorities and allocating resources, based on greater dialogue and negotiation. This should allow regeneration measures to evolve over time as organisational capacity develops and local conditions change. Development agencies should not be engaged in exactly the same set of activities after five or ten years that they were when they started. Closer integration of the ESF and European Regional Development Fund (ERDF) would be of particular help to local socio-economic development strategies, because of their need to link training and related measures with the development of businesses and infrastructure. Secondary issues for the structural funds include the problems caused by late payment and periodic changes in rules and regulations.

### *Sharing experience*

*There is scope for a great deal more interaction and collaboration between local development initiatives between cities and Member States.* Much more could be gained from the transfer of practical experience and learning at all levels. This would help to avoid local initiatives constantly having to 'reinvent the wheel' at great cost. It would also reduce avoidable mistakes that stem from local practitioners working in isolation of others and being unaware of what is going on elsewhere. Funding organisations sometimes place too much emphasis on policy innovation and uniqueness, and give insufficient recognition to, and support for, tried and tested policy measures. Similarly, monitoring and evaluation remain unevenly developed and excessively quantitative. There is limited sharing of what studies and knowledge exist, especially of the rich qualitative understanding that policy-makers and practitioners need to devise effective actions. There is considerable scope for learning more about what measures work reasonably well (and in what circumstances) and what measures are less effective.

Obvious ways of spreading lessons would be to establish suitable publications, newsletters, electronic mail groups and face-to-face forums which bring representatives together to share good practice. National and European organisations have particular responsibilities to support such networks at different levels because of the difficulties isolated local initiatives face in organising them. Where language or cultural differences make cross-national transfer of experience particularly difficult across large numbers of countries, simpler bilateral exchanges should be encouraged where the barriers are not significant.

This report has focused on the institutional policies and structures to promote local development. Less attention has been given to the individuals involved, for obvious reasons. Yet, one of the lessons that emerges from practice is that, whatever the formal structures and strategies that exist, the attributes of the people involved are crucial. People with appropriate skills can make the most inauspicious structures and policies

work well. Without them, even the best strategies will fail. Some of the attributes that emerge consistently as important for key individuals include an ability to work in teams, develop good interpersonal relationships, exercise diplomacy, wield influence and be assertive, yet avoid confrontation. They should also have a broad outlook and understanding of the multi-faceted issues faced. Operational staff need specialist skills for their field, coupled with energy, ideas and dynamism to make things happen. Those providing services to local residents and businesses need appropriate interpersonal skills and empathy. The leaders of local development organisations need many of these skills and to be good generalists who can turn their hands to most things. The best are entrepreneurial and committed, able to identify potential assets and resources, inspire staff and partners, share the credit for success, champion their areas and organisations, and cultivate a culture of openness, creativity and action. The term ‘social/civic entrepreneurs’ has been coined to describe people in senior positions within such organisations. They are often attracted to such posts by the capacity to make things happen in areas that have been neglected and by the scope to innovate in policy and act more quickly than in conventional bureaucracies. More attention could be paid by local and higher authorities to the issues of staff development, secondment and leadership succession in order for the full potential of local development to be realised.

#### *Links to wider city and regional frameworks*

*Local development strategies cannot treat their neighbourhoods as islands isolated from their city and regional context.* It is important they understand how their areas relate to the wider urban and regional system, particularly the labour and housing markets and transport linkages. Local regeneration also needs to be planned in the light of other major physical developments which will impact on their areas, such as new transport infrastructure, centres of expected employment growth or new housing estates. They need to be alert to the opportunities presented by new investment elsewhere and align themselves with shifts in wider public policy. There is a role here for the European Commission to encourage local strategies and initiatives to be properly integrated into EU-funded regional programmes. Local action should not be a separate priority in these programmes bearing no relationship to the rest of the programme. To be effective, local socio-economic development strategies need to be carefully linked into wider policies and programmes, with larger powers and resources to bring to bear.

### **4.3 Future need for research**

There is a need for more research and a more detailed understanding *how jobs are created and maintained in the social economy sector*. Social economy projects show that there is not necessarily a trade-off between job creation and social equality. Job creation in the social economy/third sector is an alternative route, contributing to the sustainability of the European social model, against increasing wage and labour market deregulation. The benefits of pioneering local initiatives for exploiting new sources of employment have been highlighted in documents of the European Commission. A range of areas with the potential for job creation have been identified (see EC 1995, 1998). Some of these potentials are based on unmet needs, for instance, in the social services, in the health sector, and so on. The response to the specific local context is thought to be of particular relevance for promoting employment and entrepreneurial spirit. More research is needed in order to come to assess the potentials of the third sector for job creation and

to understand the specific characteristics and potentials of the social economy. It must also examine the ways in which different local, regional and national regulations (partnerships with trade unions and local representatives, support by 'mentor' organisations to the often small-scale projects; legal and tax regulations, funding arrangements of those third sector organisations) are hampering or promoting the creation and sustainability of new jobs in this sector.

Another theme relates to *adequate indicator and monitoring systems* for reflecting the achievements/failures of local development companies. Here, the European Union has a role to play, such as in requirements for evaluation of projects and policies it is funding, and dissemination of good practice in this field. The MEANS collection has been an important step forward in this direction, but more emphasis has to be laid on simple, transferable practices in different European programmes and policies. There is often pressure to present short term tangible results which emphasise quantitative evaluation methods. However, internal and external perspectives should be combined, quantitative and qualitative approaches interlinked. Adequate monitoring indicators need to reflect the impacts of policy programmes on different levels, such as labour market and social integration effects on the individual level, impacts on the quality of life in neighbourhoods, and the benefits for the local community through local socio-economic development. The opinion of local stakeholders and actors, and some indication on the effects of certain programmes/projects on the target population are essential for measuring the effectiveness.

Empirical research showed the lack of data for area-based monitoring. Thus, the objective to construct and integrate data and indicator systems for monitoring locally based socio-economic regeneration approaches could not be followed in this project. This illustrates however the need to encourage the establishment of adequate local database systems, if possible across a range of European areas.

## 5 Dissemination and/or exploitation of results

The most essential components of the dissemination strategy of the ELSESES project have been the following:

- The ELSESES project has developed a Good Practice Guide as an output of the project directly addressing policy makers and practitioners.
- The project has launched a website which was made well known to the scientific and political community through a range of dissemination mechanisms. Once the project has ended, relevant reports and documents of the project will be available for being downloaded.
- It has been an objective from the beginning, to link workshops and conferences during the lifetime of the project to the opportunity to visit all research areas and discuss with practitioners and politicians on the spot.
- Two conferences during the lifetime of ELSESES and one final conference aimed at dissemination of research results to politicians and practitioners have been organised.

### *1. Conferences of the project*

The Naples Conference (12-14th of March 1999) and the Glasgow Conference (22-24th of October 1999) lead to the involvement of local practitioners and politicians. The conferences contributed to the dissemination of preliminary research findings and offered a plenum for discussions with local experts and end-users. The structure of the conferences was designed to give associated local partners an essential role and allow for mutual exchange of experience among the associated local partners, thus contributing to networking between local politicians and practitioners across Europe. As a consequence of this, bilateral contacts were developed further between some of the local partners, namely the Swedish and the Scottish partners, and the Dutch and the German local partners.

With additional funding granted from the European Commission within the 'Accompanying Measures' Programme, the ELSESES project organised a Final Conference on March, 30th to April, 1st, in Dortmund. The conference allowed to present findings on effective policy responses and put them at the services of policy-makers, NGOs, housing corporations, and interested actors in socio-economic development. The conference was designed to contribute to the dissemination and utilisation of the ELSESES project and similar research projects and attracted 190 practitioners and politicians across Europe.

### *2. List of agreed deliverables produced during the lifetime of the ELSESES project*

The following project deliverables have been produced by the partners in accordance with the work programme for the ELSESES project:

- Case Study Reports. *Target group: European Commission, Scientific Community*
- Good Practice Manual. *Target group: The booklet is intended to serve as a guide for policy makers and practitioners, and in general, to a wider community of interested actors in local development.*

- and the Final Report (at hand). *Target group: European Commission, Scientific community.*

*Case Study Reports:* The case study reports in the six participating countries have been produced by the research teams according to a similar structure. Chapter 1 analyses the socio-economic characteristics of the research area according to commonly defined indicators. Chapter 2 gives an overview on the state of the art of current local socio-economic development thinking and practice in the national context, and more specific concerning the research area. Chapter 3 details the evaluation design. Chapter 4 is aimed at describing and analysing the institutional characteristics of the overall approach to local socio-economic development in the research area. Chapter 5 sets out the objectives of selected key projects for labour market and economic integration, that have been chosen for closer evaluation. Chapter 6 is presenting the results and impacts of the selected projects for evaluation. Chapter 7 assesses the broader institutional processes by which results and impacts have been achieved. Chapter 8 formulates some policy conclusions and policy recommendations, formulated on the basis of the research areas' experience, but also taking into account evidence as arising from a comparative cross-country perspective.

*Case Study Report Duisburg-Marxloh.* By Sabine Weck and Ralf Zimmer-Hegmann. Institut für Landes- und Stadtentwicklungsforschung des Landes Nordrhein-Westfalen. 154 pages. Dortmund 2000.

*Case Study Report Glasgow-Govan.* By Mike Raco, Ivan Turok and Keith Kintrea. University of Glasgow. 131 pages. Glasgow 2000

*Case Study Report Leiden-Noord.* By Mascha Kunst, IVAM Environmental Research UvA BV, Amsterdam, and Ton van der Pennen, Social and Cultural Planning Office, The Hague, 2000.

*Case Study Report Malmö-Rosengård.* By Jonas Hagetoft and Göran Cars. KTH Stockholm 2000.

*Case Study Report Pomigliano d'Arco.* By Lina Bevilacqua, Valeria Fascione, Giuseppe Leonello and Antonio Lopes. Fondazione IDIS Città della Scienza. 130 pages. Naples 2000.

*Case Study Report Nancy-Cité des Provinces.* By Maurice Blanc, David Chevalier and Annie Henrion. University of Nancy 2. 85 pages. Nancy 2000.

*Good Practice Manual:* Key elements and examples of good practice are sampled as they have emerged from the work of the ELSSES project. Good practice in urban neighbourhoods is dealt with in the following under these headings: (1) Building and implementing local socio-economic development strategies: This chapter outlines essential key elements of a strategy for local development. (2) Key elements of good practice in different thematic fields of a local approach: Job search and placement schemes, Intermediate labour market/Third Sector projects, Established business support, Start-up business support, and Property development. (3) Monitoring and evaluating local socio-economic development strategies: The aim of this chapter is to show how to measure and evaluate local socio-economic development strategies. The emphasis is on neighbourhood development 'tracking indicators' and on appropriate performance indicators for measuring effectiveness and quality. (4) Recommendations for policy makers to a strategic approach summarise elements of a strategic approach for local development.

### *3. Supplementary papers prepared in the course of the research project*

The following research papers have been produced during the lifetime of the ELSESES project and were disseminated to a wider interested community interested in interim results of the project:

*Naples Conference Reader.* Including summaries from the research partners on the research areas' characteristics, the local approach to socio-economic regeneration and preliminary evaluation results. Paper, March 1999.

*Glasgow Conference Reader.* Including summaries from the research partners on overall conclusions and elements of good practice, comparative analysis of the strategies, routes into jobs and the society, the role of the social economy in urban regeneration processes, comparative analysis of business start-up and development, and local approaches in their wider policy context. Paper, October 1999.

### *4. Scientific papers, reports and books*

Sabine Weck/Ralf Zimmer-Hegmann: Praxisorientierte europäische Forschung im Bereich der integrierten Stadt(teil)entwicklung: Das Beispiel ELSESES. Beitrag für das Heft *PlanerIn 2/99 „Planung in Europa“* aus Anlaß der 3. Europäischen Planerbiennale. [*Relevance of European research for the policy community: The project ELSESES. Article for „PlanerIn 2/99: Planning in Europe“ on the occasion of the 3rd biennial of towns and town Planners in Europe, 14.-17.09.99 in Herne*]

Sabine Weck: Lokale Beschäftigungs- und Wirtschaftsförderung in der integrierten Stadtteilerneuerung. In: *Jahrbuch Stadterneuerung 2000* (forthcoming). Berlin.

Raco, M., Turok, I., and Kintrea, K.: 'Between State and Market: the Role of Local Development Companies in Urban Regeneration', Paper Presented at Royal Geographical Society-Institute of British Geographers Conference, University of Sussex, Brighton, 4th-7th January 2000.

Conference proceedings of the Conference *Local Socio-Economic Strategies in Disadvantaged Urban Areas*, Dortmund 30/31 March 2.000. To be published in July 2.000.

### *5. Workshops and Presentations*

Sabine Weck: Lokalökonomische Strategien in Stadtteilen mit besonderem Erneuerungsbedarf. Beispiele aus europäischen Ländern. Vortrag i.R.d. Werkstattseminars „Praxisansätze lokaler Ökonomie für Stadtteile mit besonderem Erneuerungsbedarf, GIB/ILS, Lüdenscheid, 15/16.04.1999. [*Local socio-economic development strategies in urban regeneration areas. Examples of good practice in European countries. Presentation at a workshop with some 50 policy makers and practitioners from Northrhine-Westphalian municipalities with urban regeneration areas, organised by ILS and GIB, 15/16.04.1999 in Lüdenscheid*]

Sabine Weck: Lokalökonomische Strategien in Stadtteilen mit besonderem Erneuerungsbedarf. Beispiele aus europäischen Ländern. Vortrag i.R.d. Veranstaltung der Friedrich-Ebert-Stiftung „Entwicklungspotentiale in Stadtteilen und Stadtteilzentren“ am 14.04.99 in Bonn. [*Local socio-economic development strategies in urban regeneration areas. Examples of good practice in European countries. Presentation at the Conference of the Friedrich-Ebert-Foundation „Potentials for Development in urban neighbourhoods and the city centre“, 14.04.99, Bonn*]



Sabine Weck: Lokale Ökonomien. Regionale und internationale Praktiken. Vortrag im Rahmen der „Arbeitsmarktgespräche Hamm“ am 2.03.99 in Hamm. [*Local economies. Regional and international practices. Presentation at a workshop for local policy makers in the municipality of Hamm, 2.03.99*]

Valeria Fascione, Giuseppe Leonello, IDIS: The Territorial Employment Pact "Area Nord-Est della provincia di Napoli": a strategic perspective. Date: 17/11/98, Location: Municipality of Pomigliano D'Arco, Target: local stakeholders, politicians, entrepreneurs

Valeria Fascione, Giuseppe Leonello, IDIS: Presentation of the results concerning the socio-economic characteristics of the case study area (first year research activity of the Elses project). Date: April 1999, Location: Municipality of Pomigliano D'Arco, Target: local stakeholders, politicians, entrepreneurs

## 6. Other activities

On 25th and 26th of February 1999, the ELSES project was represented with a stand at the exhibition during the Essen conference of the European Commission to launch the Fifth Framework Programme. The ELSES stand has raised great interest among the visitors of the conference.

A website presentation on the objectives of the ELSES project and the partnership was launched in spring of 1999. The presentation includes an overview on the ELSES project in each of the languages of involved partners. It provides information on the research partnership and the associated local partners, the work schedule, and the research areas. Once the ELSES project has finished, there will be a possibility to download the final reports as Adobe Acrobat Files.

The project has been presented in national Swedish television. The programme reported about the project as a whole, the Swedish case study and included comments from the researchers and the associated partner.

## 7. Follow-up of results foreseen by each partner after the completion of the project

### ILS

- Dissemination of results of the ELSES project via its website <http://www.ils.nrw.de/netz/elses>. The case study reports, the final report and the good practice guide are available via this website after the official approval of the project ELSES through the EC.
- Production and dissemination of conference proceedings of the ELSES Final Conference Dortmund March 2000. The conference proceedings will be published in July 2000 (English and German).

The City of Leiden and ILS (in co-operation with Bauhaus Dessau)

- Organisation of a two-days study visit of Northrhine-Westphalian politicians and practitioners to the City of Leiden. Date: 7/8 of September 2000. Discussions and project visits will strengthen the co-operation and the exchange of experiences initiated by the ELSES project.

### IDIS

- Local development initiatives: The ELSES project (presentation of the Best Practice Guide), Location: Città della Scienza - Napoli, Date: 13/06/00, Target: representatives

of local institutions (Campania Region - Province of Napoli, Benevento, Avellino, Local municipalities)

- Comparing local development strategies: The ELSESES project. Location: Città della Scienza - Napoli, Date: 10/07/00, Target: researchers and members of scientific bodies

## LASTES

- Maurice BLANC: « Réconcilier l'économique et le social », Paper presented at : Action, Pouvoir et Sociologie, Conference of the French Speaking Sociological International Association (AISLF), Research Committee 19 : Transactions sociales », Toulouse, Febr. 2000.
- Maurice Blanc: « Les stratégies d'insertion sociale et professionnelle en Europe », concluding Remarks at : « Politique de la Ville et Travail Social » Conference, Conseil Général de Meurthe-et-Moselle, Nancy, April 2000.
- Maurice Blanc: « L'urbain, le social, l'économique », Paper to be presented at : Vers une Société-Monde ?, Congress of the French Speaking Sociological International Association (AISLF), Research Committee 19 : « Transactions sociales », Québec, July 2000.
- David Chevalier: « Les stratégies d'insertion socioprofessionnelle individuelles et institutionnelles en Europe de l'Ouest ». Paper presented at : Action, Pouvoir et Sociologie, Conference of the French Speaking Sociological International Association (AISLF), Research Committee 2 : « Politiques et collectivité locales », Toulouse, Febr. 2000.
- David Chevalier: « Les stratégies individuelles et institutionnelles d'insertion dans l'agglomération nancéienne » Paper presented at : Les Lundis du LABORATOIRE DE SOCIOLOGIE DU TRAVAIL ET DE L'ENVIRONNEMENT SOCIAL (LASTES), Nancy, Febr. 2000.
- David Chevalier: « Les routes vers l'emploi et la société dans les pays d'Europe de l'Ouest ». Paper to be presented at Vers une Société-Monde ?, Congress of the French Speaking Sociological International Association (AISLF), Research Committee 20 : « Comparaisons Internationales », Québec, July 2000.
- Annie Henrion: Présentation of the project ELSESES at the CONSEIL GENERAL of Meurthe-et-Moselle, March 2000
- Annie Henrion: « Les stratégies participatives dans le processus d'insertion socio-économique locale : de l'instituant à l'institué ou de l'Europe au citoyen ». Paper to be presented at Vers une Société-Monde ?, Congress of the French Speaking Sociological International Association (AISLF), Work Committee 21 : « Sociologie économique », Québec, July 2000.
- Annie Henrion: « L'usage du concept de participation dans les politiques de développement socio- économique local, au travers d'une étude comparative européenne (E.L.S.E.S.) ». Paper to be presented at Vers une Société-Monde ?, Congress of the French Speaking Sociological International Association (AISLF), Research Committee 21 : Transactions sociales.
- Annie Henrion: « La construction d'une méthodologie inter-disciplinaire et inter-partenaire à l'échelle européenne : exemple du projet E.L.S.E.S. » Paper to be presented at Vers une Société-Monde ?, Congress of the French Speaking

Sociological International Association (AISLF), Work Committee 15 : Analyse qualitative interdisciplinaire Québec, July 2000.

#### KTH

- Findings from the ELSESES project have been summarised in a report "Utvärdering av strategier för lokal ekonomisk utveckling i utsatta bostadsområden" (Evaluation of Socio-Economic strategies in Disadvantaged Urban Areas). The objective of the report is ultimately to initiate a discussion about transferability.
- A national conference discussing findings from the ELSESES project and issues of transferability is planned. A firm decision on implementation will be taken in June 2000.

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## 7 Appendixes

### 7.1 Appendix 1: The National Research Teams and Associated Partners

#### The National Research Teams

##### Germany

Sabine Weck  
Ralf Zimmer-Hegmann  
Institut für Landes- und  
Stadtentwicklungsforschung  
des Landes NRW (ILS)  
Postfach 10 17 64  
D-44017 DORTMUND  
Tel: +49-231-9051-246  
Fax: +49-231-9051 155  
sabine.weck@ils.nrw.de  
ralf.zimmer-hegmann@ils.nrw.de

##### Sweden

Göran Cars  
Jonas Hagetoft  
Kungliga Tekniska Högskolan (KTH)  
Royal Institute of Technology  
Departm. of Infrastructure and Planning  
Fiskartorpsv 15A  
S-10044 Stockholm  
Tel.: +46-8-790 7938  
Fax: +46-8-790 6761  
cars@infra.kth.se  
jonas.hagetoft@riksdagen.se

##### France

Maurice Blanc  
David Chevalier  
Annie Henrion  
Université de Nancy II  
Laboratoire de Sociologie du Travail  
et de l'Environnement Social (LASTES)  
B. P. 33-97  
F-54015 Nancy-cedex  
Tel.: +33-3 83-96 7023  
Fax: +33-3 83-96 7019  
blanc@clsh.univ-nancy2.fr  
David.Chevalier@clsh.univ-nancy2.fr

##### United Kingdom

Mike Raco  
Ivan Turok  
Keith Kintrea  
University of Glasgow  
Department of Urban Studies  
25 Bute Gardens  
UK-GLASGOW G12 8RS  
Tel.: +44-141-330 5048  
Fax: +44-141-330 4983  
K.Kintrea@socsci.gla.ac.uk  
M.Raco@socsci.gla.ac.uk  
I.Turok@socsci.gla.ac.uk

##### Italy

Valeria Fascione  
Giuseppe Leonello  
Fondazione IDIS - Istituto per la  
Diffusione e la Valorizzazione  
della Cultura Scientifica  
Via Coroglio 156  
I-80124 NAPOLI  
Tel.: +390-81-735 2450  
Fax: +390-81-735 2446  
+390-81-230 1044  
fascione@cittadellascienza.it  
leonello@cittadellascienza.it

##### The Netherlands

Carlinde Adriaanse  
Mascha Kunst  
IVAM Environmental Research UvA B.V.  
Postbus 18180  
NL-1001 ZB Amsterdam  
Tel.: +31-20-4873286  
Fax: +31-20-6156721  
c.adriaanse@hetoosten.nl  
  
External Advice: Ton van der Pennen  
Sociaal en Cultureel Planbureau (SCP)  
P.O. Box 16164  
NL-2500 BD Den Haag  
Tel.: +31-70-340 7911  
Fax: +31-70-340 7044  
tp@scp.nl



## **The Associated Partners**

Analysis and evaluation of the implemented local economic development approaches relied on the collaboration of associated local partners. These have been

### **Germany**

Anke Gorres  
Ercan Idik  
Entwicklungsgesellschaft Duisburg  
(Duisburg Development Corporation EGDu)  
Willy-Brandt-Ring 44  
D-47169 Duisburg  
Tel. +49-203-9942-931/932

### **United Kingdom**

Russell Stevenson  
Local Development Company Govan Initiative  
Broomloan House  
170 Edmiston Drive  
Glasgow, UK G51 2YS  
Tel. +44-141-427-6066

### **Sweden**

Stig Andersson  
Housing Corporation MKB Fastighets AB  
Box 50425  
S-20214 Malmö  
Tel. +46-40-313510

### **Italy**

Roberto Oratino  
The City of Pomigliano d'Arco  
Piazza Municipio  
I-80038 Pomigliano D'Arco (NA)  
Tel. +39-81-5217-332

### **France**

Jean-Luc Dumas  
Not-for-profit Organisation Jeunes et Cité  
78, boulevard Foch  
F-54520 Laxou  
Tel. +33-383-274547

### **The Netherlands**

Jan Laurier  
The City of Leiden  
Stadsbouwhuis (Room 240)  
P.O.Box 9100  
NL-2300 PC Leiden  
Tel. +31-71-516-5018

## 7.2 Appendix 2: Economic background of research areas

The following tables deliver some information on the broader economic context of the research areas selected. 'Regional' data refers to the respective NUTS 2 regions in which the research areas are situated. For comparison: Employment Rate in the European Union amounted to an average of 61% in 1997; Unemployment Rate was at 10.7% in 1997 (9.9% in 1998).

Source for all tables for 1997 data: EC 1999

### Economic Background: Germany

	Regional 1997	National 1997
<b>Employment</b>		
Employment Rate <sup>1</sup> (male/female)	60.4 (70.7/ 50.1)	64.2 (72.6/ 55.7)
Employment accord. to Economic Sectors: Agriculture/Industry/Service	1.6/ 35.0/ 63.4	2.9/ 34.7/ 62.4
<b>Unemployment</b>		
Unemployment Rate	9.6 (in 1987: 8.5)	9.8 (in 1987: 6.3)
Youth Unemployment	12.5	10.6
Long-term Unemployment	58.5	49.3
<b>GDP per head in PPS (EUR15=100)<sup>2</sup></b>	121.4	109.8
<b>Educational level of population: Low/Medium/High<sup>3</sup></b>	22/ 60/ 18	18/ 59/ 23

<sup>1</sup> quota of full-time and part-time employed among total population between 15 and 64 years

<sup>2</sup> Average of the years 1994-1995-1996

<sup>3</sup> According to EU 1999

### Economic Background: France

	Regional 1997	National 1997
<b>Employment</b>		
Employment Rate <sup>1</sup> (male/female)	57.9 (65.9/ 49.9)	59.7 (67.2/ 52.3)
Employment accord. to Economic Sectors: Agriculture/Industry/Service	2.8/ 31.1 /66.1	4.6/ 26.6/ 68.7
<b>Unemployment</b>		
Unemployment Rate	11.3 (in 1987: 10.9)	12.0 (in 1987: 10.3)
Youth Unemployment	29.3	26.7
Long-term Unemployment	39.8	41.5
<b>GDP per head in PPS (EUR15=100)<sup>2</sup></b>	89.9	105.6
<b>Educational level of population: Low/Medium/High<sup>3</sup></b>	40/ 44/ 16	37/ 43/ 19

<sup>1</sup> quota of full-time and part-time employed among total population between 15 and 64 years

<sup>2</sup> Average of the years 1994-1995-1996

<sup>3</sup> According to EU 1999

### Economic Background: Italy

	Regional	National
	1997	1997
<b>Employment</b>		
Employment Rate <sup>1</sup> (male/female)	38.8 (54.3/ 23.5)	51.3 (66.2/ 36.6)
Employment accord. to Economic Sectors: Agriculture/Industry/Service	10.3/ 22.4/ 67.3	6.5/ 31.7/ 61.8
<b>Unemployment</b>		
Unemployment Rate	26.1 (in 1987: 21.5)	12.3 (in 1987: 10.2)
Youth Unemployment	64.9	33.6
Long-term Unemployment	79.3	66.2
<b>GDP per head in PPS (EUR15=100)<sup>2</sup></b>	66.3	102.1
<b>Educational level of population: Low/Medium/High<sup>3</sup></b>	61/ 30/ 9	59/ 32/ 9

<sup>1</sup> quota of full-time and part-time employed among total population between 15 and 64 years

<sup>2</sup> Average of the years 1994-1995-1996

<sup>3</sup> According to EU 1999

### Economic Background: The Netherlands

	Regional	National
	1997	1997
<b>Employment</b>		
Employment Rate <sup>1</sup> (male/female)	67.7 (78.1/ 57.0)	68.0 (78.7/ 56.9)
Employment accord. to Economic Sectors: Agriculture/Industry/Service	3.0/ 17.1/ 74.3	3.5/ 21.6/ 69.1
<b>Unemployment</b>		
Unemployment Rate	5.3	5.2 (in 1987: 9.9)
Youth Unemployment	9.0	8.5
Long-term Unemployment	47.2	48.2
<b>GDP per head in PPS (EUR15=100)<sup>2</sup></b>	109.9	105.8
<b>Educational level of population: Low/Medium/High<sup>3</sup></b>	34/ 41/ 25	34/ 42/ 24

<sup>1</sup> quota of full-time and part-time employed among total population between 15 and 64 years

<sup>2</sup> Average of the years 1994-1995-1996

<sup>3</sup> According to EU 1999

### Economic Background: United Kingdom

	Regional	National
	1997	1997
<b>Employment</b>		
Employment Rate <sup>1</sup> (male/female)	63.4 (68.1/ 58.8)	70.7 (77.6/ 63.8)
Employment accord. to Economic Sectors: Agriculture/Industry/Service	1.3/ 26.9/ 71.8	1.9/ 26.8/ 71.1
<b>Unemployment</b>		
Unemployment Rate	9.3 (in 1987: 16.8)	7.1 (in 1987: 11.0)
Youth Unemployment	17.2	13.6
Long-term Unemployment	34.5	38.2
<b>GDP per head in PPS (EUR15=100)<sup>2</sup></b>	89.5	98.0
<b>Educational level of population: Low/Medium/High<sup>3</sup></b>	40/ 38/ 22	45/ 32/ 23

<sup>1</sup> quota of full-time and part-time employed among total population between 15 and 64 years

<sup>2</sup> Average of the years 1994-1995-1996

<sup>3</sup> According to EU 1999

### Economic Background: Sweden

	Regional	National
	1997	1997
<b>Employment</b>		
Employment Rate <sup>1</sup> (male/female)	66.0 (69.8/ 62.1)	67.7 (70.3/ 65.0)
Employment accord. to Economic Sectors: Agriculture/Industry/Service	4.0/ 25.9/ 70.2	3.1/ 25.8/ 70.9
<b>Unemployment</b>		
Unemployment Rate	11.9	10.4
Youth Unemployment	23.2	21.9
Long-term Unemployment	38.2	33.2
<b>GDP per head in PPS (EUR15=100)<sup>2</sup></b>	92.5	100.3
<b>Educational level of population: Low/Medium/High<sup>3</sup></b>	25/ 48/ 27	23 /49/ 28

<sup>1</sup> quota of full-time and part-time employed among total population between 15 and 64 years

<sup>2</sup> Average of the years 1994-1995-1996

<sup>3</sup> According to EU 1999

### 7.3 Appendix 3: The basic framework for evaluation

A basic framework that standardised as far as possible the way information has been collected and analysed in the research areas has been the following:

#### **Inputs and Activities**

Inputs are the resources used in the implementation of a policy. They are primarily financial resources, but may include staff, assets and time. The inputs were described as comprehensive as possible, encompassing an assessment of the overall level of resources used in the implementation of the strategy/policy, the expenditure by public sector organisations, the private sector and any other significant resource inputs.

Activities are the direct services, facilities or products provided by the various organisations, in order to implement the policy. The activities carried out with the funding were detailed and quantified as far as possible. For evaluation purposes, the complex local approaches in the urban regeneration areas under consideration were narrowed down to 3 to 4 single projects for closer evaluation.

#### **Common indicators for impact evaluation**

The research partners agreed on three broad common criteria for trying to assess the impact of projects envisaged for evaluation:

- (a) Cost-effectiveness, that is the cost of the activity in relation to the effects achieved (eg. the average cost of training/counselling people to secure them a job, or the average cost of each job created by helping businesses to start-up and grow).
- (b) Equity, that is the distributional effects of projects: Who benefited? (eg. is it the long or short term unemployed; men or women; the majority of minority population groups; the less or more-employable groups?). While this can partly be quantified, it requires a qualitative judgement about the degree of selectivity or positive targeting being achieved.
- (c) Quality as a broader, more open-ended criterion. Questions included: Have the effects been durable/long-lasting or short-lived? Are the rights of citizens protected? Where the projects are quite recent, a subjective judgement was required about the likelihood that the effects may be durable.

The broad criteria a-c have focussed specifically on the following indicators, where they were relevant and this was feasible:

- (i) Jobs: How many jobs have been created or secured? What type of job has been created or secured? (eg. full or part-time; the skill level and status – are these reasonable jobs, with prospects of advancement or menial, ‘dead-end’ jobs?)
- (ii) Income: Has there been improvements in people’s incomes?.
- (iii) Skills and capacity: Have projects genuinely improved residents’ skills and capabilities, including core skills (literacy, numeracy, communication, self-esteem) and vocational skills (specific job-related capabilities)? One indicator is the level of qualifications obtained by people on training courses.

(iv) Quality of life: Have projects improved living conditions in the study areas irrespective of jobs and incomes? Have new facilities and services been introduced (eg. recreation, leisure, community centres, cafes, shops, public transport)?

(v) Investment: What level and type of capital investment has been made in the area (eg. on land and property development, housing improvement, new community facilities and environmental improvement)? Some qualitative assessment was also asked for on the relevance or 'embeddedness' of the investment to the neighbourhood.

These core indicators could of course be supplemented with others that were particularly appropriate to individual areas and selected projects.

### **Common indicators for process evaluation**

The project has been concerned not simply with the products or impacts of socio-economic development strategies, but also with the processes by which these are achieved. This analysis was more discursive and qualitative than the impact analysis. Analysis has been based on the following structure, in order to increase comparability between case study areas.

(1) Integration of Policy Actions: Are the decisions and activities of individual agencies and sections of those agencies well co-ordinated at the local level (horizontal integration)? Are they also consistent and integrated with the policies and actions of higher tiers of government, at national and European levels (vertical integration)?

(2) Community Involvement: How extensive are community consultation and participation in socio-economic development strategies? Is the process mainly top-down or bottom-up? What is the balance between these positions? Has it changed over time?

(3) Timeliness of Action: How long has it taken from recognition of the problem to appropriate action? How quick or slow is decision-making perceived to be? Do local partnerships help to get things done quickly or slow them down? How responsive are the various agencies to new problems that emerge?

(4) Local Flexibility: How much scope is there for policy decisions to be made at the local (neighbourhood) level? Are standard national policies and programmes pursued in the area or are agencies able to use whatever resources they have available in the way that they and local people think is most appropriate in the circumstances? Do local authorities take decisions centrally or allow for most of them to be taken on a local area basis? Is there a local forum in the area consisting of key agencies and community representatives? Does it have real power and authority?

(5) Period of Action/Commitment: Have the key agencies made a long-term commitment to improving socio-economic conditions in the area or is there no such commitment? How long has the area been officially recognised as a priority area for special treatment and what further commitment is there?

Again, it was up to the research teams to decide whether there were other themes to pursue to examine process issues. These might include: explicit targeting of particular social groups to ensure they benefit from actions; evidence of systematic monitoring and evaluation to ensure institutional learning and public accountability; setting of explicit numerical targets and milestones to demonstrate commitment; and investment of private sector to generate additional resources and share expertise.

*According to: Ivan Turok, 1998*

## 7.4 Appendix 4: Range and Scale of Actors interviewed

*Table: Selection of Interview Partners for In-depths Interviews*

	Duisburg-Marxloh <sup>23</sup>	Glasgow-Govan	Nancy-Laxou	Pomigliano d'Arco	Malmö-Rosengård	Leiden-Noord <sup>24</sup>
<b>1. Public Actors</b>						
Agency responsible for delivering Strategy and Project Managers	7	19	3	0	6	8
District and City executors/Public partners of the local Initiative	2	12	5	4	2	14 <sup>25</sup>
Politicians	1	2	2	7	2	1
Actors concerned with Economic Development and Social Conditions on the regional/central government level	-	-	1	-	1	-
<b>2. Economic Actors</b>						
Local business interests	3	-	7	20	-	-
Representative bodies at City Level		-	2	-	1	-
Recipients of support	4	28	4	4	8	-
<b>3. Community</b>						
Community representatives and residents	-	6	3	7	2	3
Individual recipients of support	6	-	3	2	-	6

<sup>23</sup> Included in this list are only the number of interviewees who participated in in-depth-interviews. Not included are persons who participated in two surveys carried out among the beneficiaries of the local economic development agency and the subsidised labour schemes of the Neighbourhood Project (see Case Study Report Duisburg-Marxloh for further details)

<sup>24</sup> Included in this list are only the number of interviewees who participated in in-depth-interviews and/or in written interviews. Not included are several persons who took part in the panel discussion, with whom exploratory phone calls have been held, or who participated in the video 'De Band'.

<sup>25</sup> About half of these (closely) co-operate with one or more of the three projects under study while the others do not have regular contact with the projects or do not know about them at all.