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PUTTING SKILLS ON THE REGIONAL DEVELOPMENT AGENDA: A GOVERNANCE ISSUE

Human capital development is a key asset for regional and local socio-economic development. Many countries now harness regional and local efforts towards developing skills, relying on the involvement of actors at a local level. This policy brief, aimed in priority at policy makers in ETF partner countries, examines how approaches to governance can be developed to foster regional and local skills development. This paper draws on the ETF's experience in supporting partner countries, at a national and, more recently, regional level.

SKILLS AT THE REGIONAL AND LOCAL LEVEL

In most ETF partner countries, the level of development is unevenly spread across the country: capitals or important economic centres drive growth, while other regions, less favoured for geographical or historical reasons, lag behind. Historical changes that occurred in Eastern Europe and the Balkans and more recently in Arab countries have shown that such imbalances can have extreme social and political consequences. As a result, regional development is now at the core of most public policies and is recognised as an essential component of national economic competitiveness and social development. Addressing human capital development policies, not only from national, but also from the regional and local levels increases their effectiveness, mainly by ensuring a better match between the supply and demand of skills. The underlying reason is that local stakeholders know their own needs best and can be more inventive in finding local solutions to address skills' mismatches.

Other functions that can easily justify regional intervention include:

- Analysis and monitoring of the local labour market in terms of jobs and skills;
- Information, orientation, career guidance for learners, unemployed

people and the working population;

- Support to small and medium enterprises (and other businesses) in training and coaching to support establishment and growth;
- Curriculum development or adaptation to meet specific local skills needs, of the labour market; and
- School management based on close relationships with business to increase the employability of future graduates.

Success in the application of this subsidiarity principle requires the active participation of regional and local actors in skills development processes. When stakeholders (regional authorities, public administrations, social partners, civic society organisations, education and training institutions – including universities and research institutes, the private sector and local communities) are included in policy development, resulting governance models tend to lead to skills' development policies that are more relevant and of better quality, provided they are backed by accountability mechanisms.

Engaging local and regional actors in more participatory governance models takes time. In some cases, there may be the political will to support regional

processes, but existing legal frameworks may prevent either institutional transitions towards formal devolution of responsibilities or informal initiatives based on local partnerships from flourishing. Often the capacity of regional and local stakeholders to engage effectively needs to be built in parallel.



For local actors to make a difference, they need to have some control over regional and local skills development processes.



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MAKING MULTI-LEVEL GOVERNANCE WORK

Regional and local actors will often only actively engage in skills development processes if they recognise that a lack of skills or gaps in skills are an impediment to the economic growth of their region and if they find an enabling environment.

To allow regional and local actors to have an effective role in skills development planning, changes need to be made in both vertical and horizontal governance processes. Changes will help to build the capacity of local actors to act and give them the setting in which they can act.

1. CREATING CONDITIONS FOR BETTER INSTITUTIONAL ENGAGEMENT

The main challenge is to put skills on the agenda of regional development processes.

In the long term, regional development policies are expected to draw on regionally-led planning processes. However, this is a long term goal. In the meantime, there are some steps that can be taken within existing governance settings to facilitate better engagement of local and regional stakeholders.

Shared responsibilities

For local actors to make a difference, they need to have some control over regional and local skills development processes.

This supposes assessing the adequacy and readiness of existing governance settings (political, legal, institutional, budgetary, etc.) for the effective participation of local actors in policy design and/or implementation. Questions should not be limited to institutional frameworks, but should also be asked to the regional and local actors, to find out what support they need to undertake more formal responsibilities and what is the most appropriate level of intervention (local/regional/sectoral/national) in relation to the type of skills development needs.

There is no single format for the division of powers between central, regional and local levels. The factors that influence how power is shared include the administrative organisation, the size of a country, the

“Addressing human capital development not only from national, but also from regional and local levels, increases their effectiveness by ensuring a better match between the supply and demand of skills.”

feasibility of managing national policies from the centre and the historic, cultural, economic and social background of a country.

Power may be de-concentrated, delegated or decentralised, where regional authorities are given some responsibility in terms of policy design and/or implementation; or delegated, where national administration/ministries are represented at regional or local level and where there might be the possibility to tailor national policy to the local context.

However, this positive change takes some time to become apparent and the initial change period may see additional inefficiencies or transaction costs.

Joint assessments

To engage on a sound basis, local actors need to have the capacity to collect, analyse and work with quantitative and qualitative data, ensuring a common understanding of the skills situation and challenges.

This means combining data related to:

- The labour market and workforce, including specific economic sector needs, worker mobility and migration issues, and gender issues; and
- The education and training provision, including training capacity and places occupied, types of programmes and qualifications offered, the capacity to adapt programmes to emerging regional skills needs and the internal organisation and use of resources.

Formalised platforms for policy dialogue

A formal dialogue platform helps engagement to be more consistent and sustainable.

There is often reluctance from local

stakeholders to work with local authorities or administrations, who are perceived as barriers rather than enablers to change. Formal platforms for dialogue, with agreed upon processes have proved their usefulness in developing contacts and building trust, making it easier to agree and carry out common actions. These platforms may become more formal, forming regional skills' councils, regional and local labour market observatories, skills partnerships forums, etc. In all instances their function goes beyond simple and passive analysis of the territory in terms of skills needs and supply. They may be involved in a wide range of activities, including linking skills strategies to regional strategies for economic and social development, supporting the environment for small and medium enterprise creation or growth, supporting the (re)employment of unemployed people, fostering cooperation between training institutions, private sector and other institutions involved in work-based learning.





2. SUPPORTING ACTION-ORIENTED PUBLIC-PRIVATE PARTNERSHIPS

The main challenge is to harness the potential of innovative partnerships and initiatives aimed to improve skills matching at local and regional levels.

Experience shows that innovative partnerships are often initiated by civic society (especially businesses), and driven by economic/market considerations. The role of policy maker is therefore less direct, primarily providing the conditions for partnerships to develop, succeed, and ideally scale up or inspire other initiatives. In other words, good governance enables “grassroots” (local or regional) initiatives to become bottom-up processes.

Involving national actors to provide incentives or to capture best practices allows local initiatives to flourish on their own, while maximising their possible impact. At the same time, there is a risk that shoe-horning well-developed local practices into a formal framework will halt momentum. Therefore, “tracking” has to be undertaken with care.

Concrete actions aim to create opportunities for public-private partnerships. These include collaborations

between regional and local actors from education and training, the economy and labour market. In addition to sharing and systematising intelligence on local skills (see earlier), they can develop a common vision and/or strategy for regional human capital development, and jointly identify and implement innovative measures, actions or quick wins that can address weaknesses within the current system. They can also develop a common understanding of the respective roles and responsibilities in policy implementation.

It is worthwhile to make centrally-elaborated approaches, methodologies and tools to facilitate better skills matching also available at regional and local level, provided they are first adapted to the local environment and needs. This has been done in Morocco to support the Tanger-Tétouan region, where the skills mismatch analysis was completed using national tools (occupational standards, répertoire métiers-compétences, national qualifications’ framework).

Capturing best practices outside formal structures is also valuable. The need to encourage and popularise successful local

initiatives is one of the reasons why the ETF, in 2013, launched the Entrepreneurial Communities initiative, with the aim to identify, according to a set of criteria, innovative partnerships for skills development created at local level, and to promote them to inspire policy makers. The initiative attracted 40 applications from 15 partner counties. Seven communities (Algeria, Belarus, Israel, Jordan, Lebanon, Moldova and Serbia) were identified for the role they play in skills development and job creation. The initiative highlighted that local partnerships fill skills gaps, and are created even if local governance is weak and policies are not participatory. However, only when dialogue and participation exist between local partnerships and institutions do local initiatives influence transformational change and have an impact on policy development and delivery.

Ideally policy makers will be encouraged either to scale up the most successful and replicable ones, or to provide an appropriate legislative framework to encourage other similar initiatives to flourish. In this way, national policy makers are able to encourage the local actors to take up the employment challenge.

TUNISIA: BUILDING A PARTNERSHIP APPROACH ON SHARED ANALYSIS OF REGIONAL SKILLS-RELATED CHALLENGES

In 2011, following the revolution, the Ministry for VET and employment designated the Mednine governorate as the beneficiary of an ETF pilot providing technical support to improve local governance of skills. Relevant institutions were identified to form a steering committee with the mandate to discuss skills-related challenges in the region and possible joint responses. As the process developed, the steering committee expressed its wish to build the discussion on concrete facts and data. A macro analysis of the territory was carried out, with the support of consultants, informed by an initial SWOT (strengths, weaknesses, opportunities, threats) analysis collectively completed by the steering committee. Subsequently, the same organisations, guided by the regional development office and the regional office for statistics, proposed a dashboard of key indicators to be monitored regularly at regional level. The dashboard followed labour market developments (business, employment) to inform future choices, ensuring that the VET system could respond to changing needs. Almost three years after the launch of the initiative, the dashboard is still updated every trimester, without any external assistance, and the steering committee is in the process of being converted into an official committee under the governor’s authority with a mandate similar to those of the employment and education commissions of the regional economic and social committees in Europe.

Through the regional approach in Mednine, a number of concrete actions were identified and carried out by local actors. Initiatives are built on close partnerships between public (training) and private (business) actors in the region and include:

- The organisation of a forum for employability, entrepreneurship and training, which brought together 2000 young people, local companies, public employment services and training institutions to provide information, career guidance and advice to young jobseekers. It is planned to repeat the event every year.
- The creation of alumni associations specifically to help young graduates in the transition from school to work.
- The establishment of a network to help training institutions share resources and coordinate training supply.
- The introduction of a pilot training module on soft skills in VET centres, with company staff contribution as trainers.



RECOMMENDATIONS

There are several actions to take to ensure that (i) national and local levels are mutually open for sharing tasks and responsibilities and (ii) that they have the capacity to do so. These processes include:

- Engage stakeholders from the central level in charge of human capital development policies, in particular ministries or public institutions in charge, and social partners, to ensure the link between local and national efforts from the outset. This should include a joint assessment of current governance settings against objectives for regional empowerment.
- Create or consolidate regional or local platforms for dialogue and coordination on skills or human capital issues, consistent with the formal current governance model.
- Use evidence-based analysis to understanding better the skills related constraints for regional economic development. Use the data and its analysis to engage local actors in an informed dialogue on labour market needs and skill gaps, on corrective actions that would be relevant and on the way to monitor impact.
- Build local public-private partnerships on concrete, innovative actions contributing to fix skill gaps or mismatches, even if very small-scale: this strengthens mutual recognition and trust between public and private actors, and prepare the ground for more ambitious, coordinated and integrated regional development processes for skills development and job creation.
- Assess capacity needs and setting up capacity development mid- to long-term plans, in terms of institutional reinforcement, staff training, equipment, tools, work flows and regional coordination processes.

In a nutshell, if the long-term aim is institutionalising skills development planning processes at the local and regional level, then the road is still long and a variety of steps are required to advance changes in governance patterns.

ALBANIA: PUBLIC-PRIVATE PARTNERSHIPS AT WORK

In Albania, a Territorial Employment Pact was set up in Kukes in the framework of the Youth Employment and Migration programme, involving regional authorities, employment services and employers. The aim was to formalise family businesses and generate new jobs for young people. The project supported subsidised employment, training, micro credits, as well as business advisory services. Active labour market measures (ALMM) over ten months included on-the-job training, vocational training and/or wage subsidies for long-term unemployed young people (15-29 years old). The involvement of a private sector intermediary organisation in charge of liaising with employers was innovative. Project beneficiaries enjoyed a high success rate (90% completed the programmes with 60% are still in jobs after six months). One shortcoming was that all calls for proposals (by employers to host trainees) were handled by the National Employment Service (NES) in Tirana, rather than the regional employment office. Hence, the lesson was to involve regional actors in the selection of proposals and the monitoring of the implementation of the measures, etc.

The project has been replicated. A follow-up project has been initiated by the UNDP-ILO in the regions of Kukes, Shkodra and Llesha. This project follows a more flexible model and involves both the NES and regional employment offices. A private sector intermediary does the monitoring. A new ALMM for self-employment is being implemented in Shkodra and Llesha, as well as another ALMM for people with disabilities.

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