



'INTERVENTIONS FOR EMPLOYMENT AND ECONOMIC DEVELOPMENT' Peer Review¹ in Rome (Italy), 9-10 June 2011

Italia Lavoro, a technical agency of the Italian Ministry of Labour and Social Policies hosted a Peer Review that brought together government representatives and independent experts from twelve countries (Cyprus, Czech Republic, Estonia, France, Greece, Ireland, Serbia, Slovakia, Slovenia, Spain, Turkey and United Kingdom (Scotland)) as well as representatives from DG Employment, Social Affairs and Inclusion of the European Commission.

The Peer Review (PR) looked at how local economic and employment development plans and measures could best be combined to achieve successful labour market integration and business support. It also focused on the establishment of sustainable partnerships aimed at achieving positive local and regional development goals. The PR featured two current pilot initiatives, AR.CO and L&S4, aimed at promoting the development of Italian Regions by using an integrated package of measures at local level that supported the employability of individuals and strengthened the economic and productive systems. The rationale of these types of interventions was conditioned by the strong regional imbalances in labour market performance in Italy, particularly the north-south divide.

The main conclusions of the discussions have been summarised as follows.

- **Establishing and maintaining inclusive partnerships at local level** (local authorities, trade associations, chambers of commerce, public employment services, training providers etc.) based on both formal partnerships and more informal networking is a critical factor for the successful delivery of these initiatives. Such partnerships are key as the success of the programmes relies on strong employer engagement, but also more generally on close cooperation between the key stakeholders in the locality. A number of participants identified this as a weakness in those countries with a limited culture of partnership working. Presentations by Host Country representatives highlighted that successful partnerships build on long-standing established links, while it has been widely acknowledged that developing successful partnership requires hard work – a time-consuming activity that nevertheless ensures invaluable returns in the medium and long-term.
- **Networking and knowledge-sharing builds capacity** to deliver more effective and efficient measures at the local level. In some instances, this requires independent brokerage. For the featured examples, Italia Lavoro played an important 'intermediary' facilitation role in the process. Examples presented illustrated that central management resources brought strong coherence to the programmes and the existence of appropriate funds for implementation costs at the local level were essential elements in supporting the process of capacity building.
- **The coordination of economic development and employment measures has proven very effective.** Activities have helped maintain existing jobs through adaptation as well as create new and better jobs.
- **Demand-led programmes** aiming at stimulating job creation are especially necessary in times of economic downturn. The Italian example also illustrates that these types of programmes can contribute to improve labour market supply at the local level and foster labour market integration of disadvantage groups.

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- **Measures which combine “real” work experience with training appear effective** in ensuring a smooth transition into the labour market and provide benefits to both employers and individuals. For the companies, these measures help to bridge the gap between supply and demand. For the individuals, the benefits include real work experience based on a live project supported by on the job training without the pressure for immediate results or high productivity.
- **Flexibility in the design process allows measures to be tailored to local needs.** This in turn fosters strong commitment and ownership among local actors and efficient targeting of resources.
- In the Italian case, the magnitude of the resources for these nation-wide initiatives allowed for **economies of scale** and exchanges of experience which may not have been possible in the case of a myriad of small local projects.
- **Education and training needs to be more relevant to labour market needs.** Companies are demanding young people with the right skills for the current employment opportunities and the capacity to adapt to the fast-changing labour market. Soft skills and key competences (such as intercultural awareness and understanding, team-working, communication, creativity and entrepreneurship) are gaining increasing importance in an unpredictable labour market. Changing attitudes towards mobility was also a feature of the Italian measures as participants could benefit from training in another region or abroad.
- **Promoting entrepreneurial skills** and supporting a mentality of independence nurture the kind of confidence and self-worth that often inspires business start-ups.
- Interventions aimed at **upskilling** in line with employers’ needs should be done through a combination of generic and vocational routes with **flexible** forms of learning. Individual learning pathways are key for those most disengaged from the labour market.
- The **simplification of procedures**, such as on-line application processes and the reduction of paperwork, is important to cut bureaucracy and attract the companies, especially SMEs, to measures of this type.
- Both initiatives **have made appropriate use of incentives.** The remuneration level for traineeships and apprenticeships and incentives for recruitment has been set up in order to be sufficiently attractive for both individuals and employers, but remains proportionate to limit overall costs as well as avoiding deadweight (i.e. subsidising forms of work-place learning and recruitment which would have taken place without any intervention). This has been complemented by a **comprehensive monitoring system to assess the sustainability of the jobs created** through these programmes (incentives have to be reimbursed by employers in cases where the new employee loses his/her job before the end of the first year).
- **Robust evaluation is essential** to provide the evidence to underpin the investment in this type of measures. Evaluation can help identify any potential deadweight effects and evaluate the sustainability of the jobs created, develop conclusions for the design of future programmes and provide feedback to both local actors and policy makers. The on-line reporting system for employers recently linked to the measures in Italy is expected to contribute to providing relevant quantitative evidence on the impact of the programme and sustainability of outcomes for the participants.

Further reports from this Peer Review will be published on the Mutual Learning Programme website (<http://www.mutual-learning-employment.net>).