

Paper for the 4th Workshop “Regional Sustainable Development: Results of the REGIONET Project” within the thematic issue of “The relationship between regional sustainable development and multi-level governance”.

Title:

Multi-level governance of employment policies orientated towards sustainable development.

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Introduction

The current economic situation calls for a closer relationship between the strategies for sustainable development and the approaches related to employment at local and regional levels. Ambitious actions in this direction are being undertaken in Italy. The national employment policy agency, Italia Lavoro, has distributed to all Italian employment services and development agencies a handbook for public local employment policies aiming at sustainable development. The manual, written by Filippo Strati, gives theoretical and practical tools, as well as facilitation techniques, to elaborate Local Action Plans adopting the *SQM - Sustainable Quality Management*® system (see www.sqm-praxis.net). Moreover, through the methodological guidance and consultancy of Filippo Strati, Italia Lavoro has completed an important phase concerning a pilot project in the small Southern region of Molise in the framework of the National Operational Programme on Employment Policies (SPINN – Servizi per l’impiego network nazionale; ESF/A.T.A.S. 2000 – 2006, www.italialavoro.it). A large number of regional and local stakeholders was involved in the elaboration of a Regional Action Plan and two Provincial Action Plans for sustainable employment and development. Intensive workshops were organised to experiment with the new methodology and techniques. The practical and scientific relevance of the pilot project is related to the direct participation of the stakeholders in determining shared visions and paths, using a common language and understanding of the main orientators towards sustainable employment and development. The final approval of the resulting guidelines by the stakeholders was made in December 2003. The following phase of the regional pilot project will consist in creating high quality bottom-up employment projects aimed at fully exploiting the opportunities of EU Structural Funds and regional resources with a transparently objective-oriented multi-dimensional approach.

Considering the ongoing results of the Molise experimentation, this paper presents theoretical and practical issues concerning the following topics: the challenge of combining employment policies with sustainable development; the subsidiarity approach for a multilevel governance of integrated policies between national, regional and local dimensions and decision-making levels; the methods to involve a very wide range of regional and local stakeholders throughout the planning process; the main orientation criteria and indicators adopted; the main steps needed to elaborate a coherent and comprehensive strategy; the challenge of transferring approach, lessons, methods and instruments from a pilot project to other local contexts with national and EU perspectives.

The challenge of combining employment policies with sustainable development

Beginning in the 1980s, both the EU Commission and OECD initiated a new strategic path to integrate employment and development policies through local employment initiatives (LEIs) in a number of policy fields.

At that time, the economic crisis favoured integrated solutions to overcome the subordination of employment policies to those concerning development. LEIs were defined, both at European and OECD levels, as those "which have occurred at the local level - often involving co-operation between individuals, action groups, the social partners, and local and regional authorities - with the specific aim of providing additional, permanent employment opportunities through the creation of new small scale enterprises" (Communication of the European Commission to the Council, COM(83) 662 final).

By their nature, LEIs have diversified structures, often having a spontaneous origin at the grassroots level. They have objectives, products and services that are of both an economic and social nature. They involve private, public and social sectors. Local self-help is one of the historical reasons of LEIs, reaching broader concepts such as "social economy", "social entrepreneurship", "not-for-profit" or "third sector" (e.g. P. Kuenstler: *Local Consultations held in European Countries, 1982-1983; 1984-1985* - CEC, Brussels 1985 and 1986 -; *Local Employment Initiatives: a manual on intermediary and support organisations* - CEC, Brussels 1985). Employment services were also requested to become proactive participants in local development by combining sectoral initiatives into integrated policies and plans (OECD, *ILEs: a challenge to public employment services*, 1985).

The phenomenon of LEIs has been analysed as socially complex processes through which *local actors* conceive and implement *innovative courses of action* based on a synergetic utilisation of endogenous resources, to foster employment by means of the diffusion of entrepreneurial culture (e.g. A. Strati and F. Strati, *Active employment policies in Europe*, Social Policy & Administration, Vol. 24, 1990; OECD, *Implementing change* - Paris 1990 -, *Territorial development and structural change* - Paris 1993 -, *Partnership: the key to job creation* - Paris 1993).

At the time of the Rio Declaration and Agenda 21 (1992), the need to create strategies for sustainable development at local and regional levels was becoming a priority. The interrelationship between sustainable development, labour and employment policies have been considered throughout the several chapters of the Agenda 21. Basic orientations regarded:

- the empowerment of local communities community groups, non-governmental organizations and individuals delegating authority, responsibility, accountability and resources to the most appropriate level also in order to manage and enhance their immediate environment through participatory tools, techniques and approaches embodied in the concept of environmental care
- the enforcement of human rights, fighting the abuses against young people, particularly young women and girls, and providing all youth with legal protection, skills, opportunities and the support necessary for them to fulfil their personal, economic and social aspirations and potentials
- the respect and enforcement of the workers rights, association freedom, active participation in local development and corporate strategies and plans, incorporating environmental, health and security issues

- the workers' participation in environmental audits at the workplace and in environmental impact assessments
- the development of a new entrepreneurial culture, more aware and responsible of the environmental, social and employment issues (nowadays reassumed in the concepts of Corporate Social Responsibility – CSR)
- the creation of employment opportunities for unemployed labour through endogenous economic activities that do not expand resource degradation and consumption, promoting the development of small-scale economic activities, improving technical skills and managerial capacity of small business entrepreneurs
- the employment creation for the urban poor, particularly women, through the provision, improvement and maintenance of urban infrastructure and services and the support of economic activities in the informal sector, such as repairs, recycling, services and small commerce
- the employment creation sustained by education and training policies in order to foster awareness and commitment for the environmental and social issues, with a specific attention on people at risk of social exclusion and the children
- procedures to incorporate children's concerns into all relevant policies and strategies for environment and development at the local, regional and national levels, including those concerning allocation of and entitlement to natural resources, housing and recreation needs, and control of pollution and toxicity in both rural and urban areas.
- the incorporation of the concepts of environmental awareness and sustainable development throughout the curricula, expanding vocational training and implementing innovative methods aimed at increasing practical skills, such as environmental scouting
- the mobilisation of communities through schools and local health centres so that children and their parents become effective focal points for sensitization of communities to environmental issues
- equal opportunities between men and women, increasing the proportion of women decision makers, planners, technical advisers, managers and extension workers in environment and development fields
- the achievement of equality in all aspects of society, including the promotion of women's literacy, education, training, nutrition and health and their participation in key decision-making positions and in management of the environment, particularly as it pertains to their access to resources, by facilitating better access to all forms of credit, particularly in the informal sector, taking measures towards ensuring women's access to property rights
- comprehensive, preventive and curative health facilities, which include women-centred, women-managed, safe and effective reproductive health care and affordable, accessible, responsible planning of family size and services, as appropriate, in keeping with freedom, dignity and personally held values.
- equal employment opportunities and equitable remuneration for women in the formal and informal sectors with adequate economic, political and social support systems and services, including child care, particularly day-care facilities and parental leave, and equal access to credit, land and other natural resources
- the integration of the value of unpaid work, including work that is currently designated "domestic", in resource accounting mechanisms in order better to represent the true value of the contribution of women to the economy

- specific assistance to the poorest of the urban poor through, inter alia, the creation of social infrastructure in order to reduce hunger and homelessness, and the provision of adequate community services
- the establishment of indigenous community-based organizations, private voluntary organizations and other forms of non-governmental entities that can contribute to the efforts to reduce poverty and improve the quality of life for low-income families
- the diversification of employment and activities to favour the wise, synergetic utilisation of the endogenous and global resources (e.g. the environment), to protect the ecosystems, to develop environmentally sound and culturally sensitive tourism, to decentralise urban development, to relieve pressure on large urban agglomerations of developing countries, to develop intermediate cities, to reduce discrepancies among regions, to create "green works", to foster biodiversity, organic farming, environmentally protected areas and so on

Looking at the orientations provided by Agenda 21, it is worth remembering the specific EU enquiry which dealt with *local employment initiatives* and identified *new sources of employment* (SEC 564(95)) in the following 17 fields: home help, child care, new information and communications technologies, assisting the integration of young people in difficulty, housing improvements, safety, local public transport, revitalisation of urban public areas, local shops, tourism, audio-visual sector, developing the cultural heritage, developing local culture, waste management, water management, protection and maintenance of natural areas, regulation and monitoring of pollution and appropriate facilities. These activities can be categorised under three basic headings: person-related; living conditions -related; environment- related.

In 1999, OECD published *Best practices in local development* (LEED, Local Economic and Employment Programme, Notebook 27) revealing how attention has shifted:
 from quantitative growth to the development quality
 from standardisation to the value of diversity
 from generic attempts to the identification of local problems and targets
 from short to long term focus by developing dynamics and capacities of the local actors to anticipate and manage change

Innovation in the LEI has been favoured by new trends:

- endogenous development as a concept where human capital is continuously improved through bottom-up approaches
- global – local linkages
- sustainable development through the best use of social, economic and environmental resources in the local area
- good governance and empowerment of local communities as a critical element for sustainable development
- integration of different actors, policy instruments and funding streams
- partnership, co-operation and participation
- decentralisation, de-concentration and accountability
- exchange and dissemination of good practices in order to avoid single model which does not correspond to the variety of local diversities and identities

In the OECD 1999 LEED document, “Local development is not just seen here as a range of different micro-initiatives operated locally, or as a set of policies that seek to exploit endogenous resources. It is also a means of integrating different policies and programmes at a local level, thus releasing synergies and improving co-ordination, and as a means of improving local governance through involving local people and networks in the formulation and delivery of policy. Indeed, many local development initiatives have their origins in a grass-roots movement of local people and organisations, responding to issues of immediate local concern. Furthermore, it is not necessarily the case that local development only involves very small territories. The size of the territory concerned depends on the functional context i.e. where institutions and people can most easily form networks to tackle commonly perceived concerns”.

The New European Employment Strategy (“full employment and better jobs for all”, COM (2003) 6), following the “Luxembourg process” (1997) echoed many of the above-mentioned orientations while enlarging the scope of the four pillars (Employability, Entrepreneurship, Adaptability and Equal Opportunities between men and women). The approach was more integrative, aiming at: full employment, quality and productivity at work, cohesion and inclusive labour market. Promoting a better governance of the employment policies, effective and efficient delivery services, a strong involvement of social partners, the mobilisation of all relevant actors and adequate financial allocations, priorities have been assigned to:

- active and preventive measures for the unemployed and the inactive
- making work pay
- fostering entrepreneurship to create more and better jobs
- transforming undeclared work into regular employment
- promoting active ageing
- immigration
- promoting adaptability in the labour market
- investment in human capital and strategies for lifelong learning
- gender equality
- supporting integration and combating discrimination in the labour market for people at a disadvantage
- addressing regional employment disparities.

A significant role was played by streamlining economic and employment policy co-ordination (COM(2002) 487). An interesting review of the lessons from the LEIs can be found in *Acting Locally for Employment. A Local Dimension for the European Employment Strategy* (COM(2000)196), where the following ingredients are underlined:

- local dimension
- integrated approach
- partnership
- bottom-up approach
- supportive environment
- integrated administrative practises
- financing suited to local needs
- intermediate support structures
- appropriate vocational training systems
- mutually supportive economic, structural and social policies.

In recent years, the EU Commission supported the dissemination of these aims through the Local Action Plans (LAPs) for a new employment strategy (e.g. the ESF Article 6).

Relevant connection exists between employment and social inclusion policies. The EU 2003 Social Agenda (COM(2003) 57) and the Community Action Plan to combat social exclusion (2002 – 2006) underline the need to integrate approaches, methods and tools, suitable to cope with the multiple implications of the poverty and social exclusion within and between the present and future generations. This challenge was clearly defined along with an intensive activity aimed, inter alia, at improving the understanding of social exclusion and poverty in order to define and implement innovative strategies and courses of action at local, national and European levels.

Following several European Councils (e.g. Lisbon, Feira, Laeken and Barcelona), four main objectives were defined as the basis for elaborating NAP (National Action Plans) capable of implementing a shared strategy combining bottom-up and top-down approaches:

1. to facilitate participation in employment and access by all to the resources, rights, goods and services
2. to prevent the risks of exclusion
3. to help the most vulnerable
4. to mobilise all relevant bodies

Each of the above-mentioned objectives has a range of specific measures:

1.1 Facilitating participation in employment

- To promote access to stable and quality employment for women and men capable of working
- To prevent exclusion of people from work by improving employability (human resources management, work organisation, lifelong learning)

1.2 Facilitating access to resources, rights, goods and services for all

- Social protection systems
- Decent and sanitary housing, basic services (electricity, water, heating, etc.)
- Healthcare, including dependency situations
- Education, justice, public and private services (culture, sport, leisure)

2. To prevent the risks of exclusion

- To exploit the potentials of the knowledge-based society and related technologies and ensure that no one is excluded - special attention to people with disabilities
- To prevent life crises which can lead to situations of social exclusion (e.g. indebtedness, school exclusion, homeless)
- To preserve family solidarity

3. To help the most vulnerable

- To promote social integration of women and men at risk of persistent poverty (e.g. disability, groups experiencing particular integration problems)
- To move towards the elimination of social exclusion among children
- To develop comprehensive actions in favour of areas marked by exclusion

The fourth objective was demonstrated to play a transversal role in relation to the others, as it relates to the issues of better governance for better social inclusion:

4. To mobilise all relevant bodies

- Participation and self-expression of people suffering exclusion (situations, policies and measures affecting them)
- Mainstreaming the fight against exclusion into overall policy by: mobilising public authorities (national, regional, local); developing coordination procedures and structures; adapting services to the needs of people suffering of exclusion
- Dialogue and partnership between public and private bodies by: involving social partners, NGOs and social service providers; encouraging the social responsibility and active engagement of all citizens; fostering corporate social responsibility (CSR)

This final point is further elaborated in the European Green Paper (COM(2001) 366) and the related strategy paper (*Corporate Social Responsibility: A business contribution to Sustainable Development*, COM(2002) 347). Both documents state that:

- employment and social policy integrates the principles of CSR, in particular, through the European Employment Strategy, the European Social Inclusion Strategy, initiatives to promote equality and diversity in the workplace, the EU Disability Strategy and the Health and Safety Strategy and so on
- looking at these policies, CSR is really manifested when there is a development in the quality of employment and specific measures are taken to promote lifelong learning, social dialogue, information, consultation and participation of workers, equal opportunities, integration of people with disabilities, anticipation of industrial change and restructuring.

According to the European documents, CSR is defined as:

- “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”
- the business behaves “over and above legal requirements, voluntarily adopted because businesses deem it to be in their long-term interest”
- “intrinsically linked to the concept of sustainable development (businesses need to integrate the economic, social and environmental impact in their operations)”
- “not an optional "add-on" to business core activities - but about the way in which businesses are managed”

The conjunction of businesses strategies with social and employment policies is not a new perspective as it is clearly a part of the history of labour movements around the world. What is new is the integration into a “global – local” strategy for sustainable development. This commitment is the result of the above described historical process, from Rio 1992 onwards. For instance, the European Strategy for Sustainable Development (*A Sustainable Europe for a Better World*, COM(2001) 264) declares that fundamental labour rights, gender equality, public health, the fight against poverty and social exclusion, the economic and social implications of an ageing society are main issues to be dealt with through a comprehensive, cross-sectoral strategy for sustainable development.

There is therefore an overarching trajectory, which milestones are represented by the Charter of Fundamental Rights of the European Union, proclaimed in Nice in December 2000 and the Article 3 of the Draft Treaty establishing a Constitution for Europe. The latter states that the Union's objectives are inter alia to:

- work for the sustainable development of Europe based on balanced economic growth, a social market economy, highly competitive and aiming at full employment and social progress, and with a high level of protection and improvement of the quality of the environment
- combat social exclusion and discrimination, and promote social justice and protection, equality between women and men, solidarity between generations and protection of children's rights
- contribute to peace, security, the sustainable development of the earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and protection of human rights and in particular children's rights, as well as to strict observance and development of international law, including respect for the principles of the United Nations Charter

In conclusion, some basic considerations can be made:

- local initiatives play a strategic role in sustainable development
- the key elements of sustainable development depend on the local context and on its openness to other cultures and societies

More specifically it has become evident that local employment initiatives (LEIs) and action plans (LAPs) will be sustainable *if the concept of sustainability is:*

- the core *aim* of local actors in their visions and missions
- the *guiding principle* of the courses of action
- the *guiding aim* to a synergetic utilisation of all the endogenous resources
- the *content* and *value* of organisational culture and of diffuse entrepreneurship
- one of the *leading topics* of educational and training culture to improve the quality of human capital

To this end, a closer integration between LAP and Local Agenda 21 is therefore necessary.

The Italian experimentation in the Molise region with a new approach for sustainable employment & development

All the above elements converge into the Italian pilot project.

Firstly, the “European Citizenship” principles (stated in the EU 2000 Charter of Fundamental Rights and in the Article 3 of the Draft European Constitution) were utilised to improve glocacity, as the capacity to integrate global (European) and local (Molise) dimensions.

Secondly, the already mentioned five fundamental strategies were connected to each other: *Sustainable Development* (UN 2002 Johannesburg and 1992 Rio Summits, EU 2001 Gothenburg Council), *Employment* (the EU Luxembourg process from 1997 to 2003), *Social Inclusion* (the EU 2003 Social Agenda and the Community Action Plan to combat social exclusion 2002 – 2006), *Corporate Social Responsibility* (the EU 2001 Green Paper and 2002 strategy on CSR) and *Governance* (the EU 2001 White Paper).

The subsidiarity approach for a multilevel governance of integrated policies between national, regional and local dimensions and decision-making levels

The Governance strategy was utilised as a transversal driving force: the principles of subsidiarity and multi-level governance were applied to different decision making levels and spatial dimensions connected by their specific value added from the citizens' and local communities' point of view.

Specifically the five principles of the European Governance and those concerning subsidiarity were considered according to the process of reform that begun in 1997 and it is still in progress, representing the most significant change in governmental and administrative structure after nearly 140 years of Italian Unity: a general (and transversal) process to modernise the State, the public administration and decision-making process, transferring responsibility to regional and local authorities according to the principles of vertical and horizontal subsidiarity.

According to the Italian experience, subsidiarity is considered an institutional and social process based on the following principles:

- the capacity of individuals and/or smaller social groups to take care of themselves should not be hampered
- higher or bigger organisations can intervene only when and where the lower or smaller scales do not have this capability
- the subsidiary role of higher or bigger organisations must be temporary in nature; their basic commitment must be to allow individuals and/or minority groups to develop self-management, self-administration and self-governance, by means of empowerment and capacity building
- all levels of society should improve the relationships between the private and public sides, giving to individuals and their communities the responsibility to organise and manage public functions by themselves
- organisational systems should provide and assure cohesion for a “multi-level governance”, where vertical relationships and roles between higher and lower levels, larger and smaller dimensions are managed in a horizontal way according to a value added scale

On this basis, changes were introduced in the Constitution stating that:

- the Republic is constituted by Municipalities, Provinces, Metropolitan Cities, Regions and the State (*vertical subsidiarity*)
- they have their own autonomy within a strategic national coherence also in terms of financial structure – the so called “fiscal federalism”
- and they favour the autonomous initiative of the citizens, both as individuals and in association, to implement activities of a general interest (*horizontal subsidiarity*)

Both the State and the Regions have legislation powers: specifically, the State has an exclusive competence on policy fields of strategic national importance, without restraining the autonomy of the other governmental and administrative levels.

Subsidiarity is embedded into Governance: a new term for the Italian arena. For this reason, attention was focussed in specifying the meaning and acquiring a common understanding among the participants in the Molise pilot project.

It was clearly specified that Governance is the process in which governments, citizens and their organisations relate with each other to manage their common affairs in order to cope with and solve the problems of their territories.

The definition of Governance (provided by "The Governance Working Group" - International Institute of Administrative Sciences, 1996) was adopted: "Governance is a broader concept than government and it refers to the process that involves formal institutions and those of the so-called civil society. Institutions are the expression of public authorities (governments), civil society is the social fabric constituted by a multiplicity of units territorially created by the citizens".

This definition was supported by that of civil society:

- it consists of "the groups and organisations, both formal and informal, which act independently of the state and market to promote diverse interests in society". (World Bank, 2002)
- it includes trade unions and employers' organisations (social partners), non-governmental organisations, professional associations, charities, grass-roots organisations, organisations that involve citizens in local and municipal life (EU White Paper, 2001)

The concept of Governance was further taken into account distinguishing between three strictly correlated components:

- *Institutional Capital*, constituted by decision-making processes, organisational capacity, support, services and resources, provided by the institutions that operate at whatever level of a social community
- *Human Capital*, consisting of individually possessed knowledge, skills and competencies acquired through learning, experiences, attitudes and values widely shared within a specific local context and transmitted from generation to generation with respect to the creation of social, cultural, economic and environmental well-being. (OECD, The Well-being of Nations, 2001)
- *Social Capital*, produced by the human capital; is a "relational capital" rather than being the property of any one individual; is a public good that is shared by the community that creates and utilise it; involves the values and the behaviours of the civil society and, all together, rely upon the potential and the capacity of the human beings; consists of mutual trust and benefit, community participation, co-ordination and co-operation, developed through formal and informal networks, social organizations, norms, and so on. (OECD, The Well-being of Nations, 2001)

The above-mentioned definition accompanied all the elaboration process, influencing the final guidelines of LAPs (local action plans) for sustainable employment & development, together with the five principles of the European Governance, namely:

- *Openness*; institutions should work in a more open manner and they should be nearer to the citizens
- *Participation*; quality, relevance and effectiveness of policies depend on ensuring wide participation throughout the policy chain – from conception to implementation, following an inclusive approach
- *Accountability*; roles and responsibilities need to be clearer at whatever level decisions are taken and implemented
- *Effectiveness*; policies must be effective and timely, delivering what is needed on the basis of clear objectives, an evaluation of future impact and, where available, of past experience

- *Coherence*; policies and actions must be coherent and easily understood to ensure a consistent approach (economic, environmental and socio-cultural) within a complex system (e.g. diversity, climate and demographic changes) and through strong responsibility on the part of the Institutions (e.g. involvement of regional and local authorities)

Of course, all the above concepts and principles were defined in the already quoted manual and they were taken as points of reference in order to involve a large variety of stakeholders into the pilot project.

The methods to involve stakeholders since the beginning of the planning process

An in depth Stakeholder Analysis was carried out with the active participation of local animators (the regional branch of Italia Lavoro) providing a map of interests, influences, impacts and degree of involvement of each stakeholders. Contacts were attentively developed to motivate each stakeholder.

Finally, a large number (45 people) of representatives of regional and local authorities, trade associations, trade unions and organisations of the civil society, university and research institutes, development agencies, employment and training services was involved in the pilot project.

Five intensive workshops were organised to experiment with the related methodology and techniques.

During the five workshops, facilitator's methods were adopted to arrive at win-win solution in each session. Each two-day workshops were organised with a clear agenda. Each session was characterised by brief conceptual and methodological presentations, followed by individual and collective works both in separated and plenary sessions.

As an overall result, the guidelines for a Regional Action Plan and two Provincial Action Plans for sustainable employment and development were elaborated and approved by the stakeholders.

The main orientation criteria and indicators adopted

All the 32 aspects of the *SQM - Sustainable Quality Management*® system were utilised elaborating specific descriptors for each of them.

The new EU employment and social inclusion strategies were particularly considered to work out the 10 aspects of the Orientation towards Sustainable Development, as briefly described in the following table.

<i>Environment</i>	Respect and development of natural resources in the sectors where employment is promoted
<i>Economy</i>	Increasing in eco-efficiency and CSR in the above mentioned sectors
<i>Socio-culture</i>	Improvement of human and social capitals, cultural, social and technical skills, supported by capacity building and empowerment
<i>Social equity</i>	Positive acknowledgment of diversity and pro-active measures to affirm equal opportunities to all; attention to the displacement and substitution effects in labour markets and employment / enterprise creation
<i>Inter-local equity</i>	As above but with a clear focus on relationships between different local communities, as well as on the development of fair and solidarity trade
<i>Inter-generational equity</i>	Searching for solutions to the current problems that can have positive impacts on the future generations, nourishing their creative capacity for innovation in a sustainable world; attention to balancing opportunities (does the current employment solution create other problems in the future?)
<i>Diversity</i>	Development of the local identities, traditions, arts & crafts, biodiversity, and so on
<i>Subsidiarity</i>	Devolution of autonomy and responsibility to the stakeholders in order to empower low levels and small dimensions to find out appropriate solutions to the existing problems, supported by capacity building initiatives; attention to the integration between different local employment initiatives and those at regional, national level and abroad
<i>Networking and partnership</i>	Creation of relation networks within a wide range of stakeholders to support local initiatives and to involve partners in clear tasks and with defined responsibilities
<i>Participation</i>	Involvement of the stakeholders since the early beginning of analysis of the local problems and the elaboration of adequate solutions; attention to nourish democratic methods and styles in the key points of the decision making processes.

The 16 key factors of the Social Potential were reformulated to combine the institutional capital (4 key factors related to the capacity of government), the human capital (6 key factors regarding workers, job-seekers, people at risk of social exclusion, entrepreneurs, etc.) and the social capital (6 key factors on social cohesion and the civil society networked structures).

<i>Institutional capital</i>	<ul style="list-style-type: none"> • Fractal distribution of competences according to the subsidiarity principles in employment and development policies • Autonomy of strategic decision making within a facilitating environment • Creation of opportunities and room for equitable interaction • Access to information and to the arena of dialogue and debate
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<i>Human capital</i>	<ul style="list-style-type: none"> • Perception of a variety of development approaches • Creativity and innovation in an entrepreneurial culture which emphasises responsibility towards the community and the environment • Capacity to cope with complexity and ambiguity and to anticipate change • Employability through personalised paths, self-employment and employment creation • Primary reliance on one's own resources without compromising those of others • Integration of social and technical skills into the innovation process
<i>Social capital</i>	<ul style="list-style-type: none"> • Discovery and re-encoding of territorial specificities and local knowledge • Openness to enrich one's own culture and enhance multicultural cohesion • Social cohesion • Multiplicity of interactions, enhanced by local animators • Shared value system taking into account environmental, socio-cultural and economic interdependencies • Capacity of creating shared vision of development

The 6 levers of Dynamics were designed to favour positive changes in the management of the employment services and the development agencies, namely:

<i>Enhancing problem understanding</i>	Intra and inter – organisational openness of the services in order to better understand and deal with the local problems and solutions
<i>Open collective learning</i>	Capacity to evolve, acquiring new approaches, methods and tools in order to better provide services capable of investing in institutional, human and social capitals
<i>Negotiation and co-decision</i>	Capacity to manage the labour market dynamics (demand and supply) involving all the local stakeholders and developing appropriate socio-employment marketing
<i>Creation of a shared vision</i>	Clear organisational visions and missions to motivate the services' staff and to be understandable by the clients and the other stakeholders
<i>Client orientation</i>	Centrality of workers, job seekers, entrepreneurs, people at risk of social exclusion as "client & resource" of the services
<i>Result orientation</i>	Accountability, transparency and effectiveness of the services according to the expected results of plans, projects and local initiatives

Indicators have been selected by a research institute for each of the above-mentioned 32 aspects, linked to the innovative actions elaborated directly by the participants. The selected indicators serve to support the proposed innovative actions through a better understanding (significant data) of the local contexts and the future monitoring of performances and impacts on the local communities.

The main steps needed to elaborate a coherent and comprehensive strategy

The starting phase consisted in an evaluation of the current conditions using the SQM / SWOT analysis approach:

- the current Orientation towards sustainable employment & development, taking into account a series of significant local projects, the most of them promoted by the participants
- the Social Potential of the local contexts in terms of institutional capital, human capital and social capital
- the change Dynamics combining the quality of local projects with the characteristics of the local contexts

The results of the SQM / SWOT analysis have been utilised to elaborate hypotheses of innovative actions always looking at the descriptors of the 32 SDL aspects. This method consists on confronting Strengths and Threats on one hand, and Weaknesses and Opportunities on the other hand. Hypotheses for innovative actions derive from considering how the Strengths can overcome Threats to avoid becoming Weaknesses. Other hypotheses derive from the capacity of utilising identified Opportunities as driving forces to transform Weaknesses into Strengths. Then, a comparison is made between the two fields of actions in order to combine those that are similar, to cluster those that have a common end and to prioritise the hypotheses.

The hypotheses of innovative actions were necessary to elaborate the LAP guidelines. During this phase, methods of scenario workshop were utilised and centred on a backcasting approach (looking at the future to determine paths that improve the present situations and change the current trends).

The key question was: what transformation levers (Dynamics) could be utilised to better act on the local key factors (Social Potential) in order to promote feasible paths towards sustainable employment & development (Orientation)?

The method adopted consisted of the following steps:

- to address the innovative actions concerning the Dynamics levers with regard to the Orientation in order to identify feasible trajectories towards sustainable employment & development
- to place the innovative actions referred to the Social Potential along the above-mentioned trajectories
- to formulate condensed hypotheses that summarised the main contents of the trajectories
- to cluster together the resulting hypotheses and prioritise them according to their strategic relevance in the overall value added in the three territorial dimensions (the Region and the two Provinces)
- to elaborate a shared vision of the future scenario (15 years from now) capable of representing the unity of the main contents of the above-mentioned overall value added

Six main hypotheses described the trajectories, reassuming all innovative actions concerning the 32 SQM aspects. The six main hypotheses were ranked by the participants. These hypotheses have three levels and dimensions of specification: the value added to the current regional situation and the value added to the current provincial levels.

On this basis, a short description of each main hypothesis was re-elaborated, specifying the expected results and the main instruments to be utilised according to the diversity of the three local contexts: the Region and the two Provinces.

That way, the guidelines incorporated the principles of vertical and horizontal subsidiarity: the former between the above-mentioned three main levels and territorial dimensions of decision making; the latter between the public (governments and public administrations), the private (e.g. enterprise and their associations), and social sectors (e.g. NGOs and other not-for-profit associations).

The expected results are complementary to each other and can appear to have a similar formulation in several hypotheses. There is a consistency among the six hypotheses and this factor increases the resilience of the local systems, which are open to the co-evolution of all their components. The three LAPs are therefore embedded in a common system where: each part is present in all the system and, vice versa, the system is present in each part, ensuring simultaneously more unity and more diversity. Practically the three LAPs have an high degree of flexibility and security. Flexibility because an innovative action can start at any moment on the basis of the local conditions and stakeholders Security because the start – up of an innovative action fosters other actions to be initiated or strengthens the others.

Subsequently, the instruments are complementary to each other. This is due to the fact that same or similar instruments can be present in more actions. Each instrument is, in other words, a complex combination, embedded in the specific local context and focussed to the common framework that integrates the six main trajectories towards sustainable employment & development.

The following tables give, as an example the brief descriptions of the main hypotheses formulated at a regional dimension and what combination between the 32 SQM aspects determines the hypothesis.

<p><i>1st hypothesis</i></p> <p>To elaborate a stable methodological and operational framework for a better governance and an efficient project management, which increases the capacity of the institutions and actively involves stakeholders with a specific attention on the employment services and the development agency.</p>
<p><i>SQM combination</i></p> <p>The result orientation (a Dynamics lever) was addressed to improve economy and inter-local equity (two Orientation aspects), building the capacity to cope with the complexity of the local contexts and to anticipate change, as well as integrating technical and social capacities in the process of innovation (two Social Potential key factors that refer to the improvement of human capital)</p>

2nd hypothesis

To elaborate development policies capable of maintaining and sustaining the natural and socio-cultural resources and diversities, disseminating environmental and social awareness in the local economic fabric, increasing trust and integration between the local communities, involving the citizens into decision making processes.

SQM combination

The creation of a shared visions (a Dynamics lever) was addressed to improve the environment, the inter-generational equity and participation (three Orientation aspects), fostering trust on endogenous resources (a Social Potential key factor that refers to the improvement of human capital) and multi-cultural cohesion (a Social Potential key factor that refers to the improvement of social capital)

3rd hypothesis

To support relational networks, experimenting with innovative methods that involve local actors into the regional government, ensure dialogue and collaboration in social, policy and cultural fields, focus the attention on the territorial dimension of plans and projects, including those related to work and employment security, gender policies (equal opportunities between men and women), social inclusion and the fight against poverty.

SQM combination

The enhancement of problem understanding (a Dynamics lever) was addressed to improve social equity and networking & partnership (two Orientation aspects), fostering a fair devolution of competences and responsibilities in labour and development policies, as well as the access to information, dialogue and debate (two Social Potential key factor that refer to the improvement of institutional capital), the perception of new approaches, methods and tools for sustainable employment & development (a Social Potential key factor that refers to the improvement of human capital), and increasing the capacity to create shared development visions (a Social Potential key factor that refers to the improvement of social capital)

4th hypothesis

To sustain autonomy, co-ordination and integration between local employment initiatives through the full implementation of the subsidiarity principles.

SQM combination

Negotiation and co-decision (a Dynamics lever) was addressed to improve subsidiarity (an Orientation aspect), fostering the autonomy to decide employment and development policies (a Social Potential key factor that refers to the improvement of institutional capital), the variety of interactions promoted by local animators and the development of a system of shared values on the environmental, socio-cultural and economic interdependencies (two Social Potential key factor that refer to the improvement of social capital).

5th hypothesis

To create a regional system capable of involving experts from the University and the local public authorities to define areas and sectors on which to concentrate public resources, new vocational training plans and new entrepreneurial initiatives.

SQM combination

The client-orientation (a Dynamics lever) was addressed to improve diversity (an Orientation aspect), creating new opportunities for fair interactions (a Social Potential key factor that refers to the improvement of institutional capital), fostering a creative entrepreneurial culture based on CSR (a Social Potential key factor that refers to the improvement of human capital), developing local identities and knowledge (a Social Potential key factor that refers to the improvement of social capital).

6th hypothesis

To create a regional framework, capable of nourishing the quality in education and training fields through partnerships between different stakeholders, the dissemination of experiences, projects, good practices, as well as innovative methods adequate to the local identities.

SQM combination

The open and continuous learning process (a Dynamics lever) was addressed to improve socio-culture (an Orientation aspect), increasing employability through personalised paths, self-employment and employment creation (a Social Potential key factor that refers to the improvement of human capital), as well as developing social cohesion (a Social Potential key factor that refers to the improvement of social capital).

All the six hypotheses are concentrated in solving main problems relating to the conflicting situations between regional and local powers and policies, traditional economic patterns, stagnation in educational and training plans, low efforts to develop proactive employment policies and to look at new approaches and tools (e.g. sustainable development).

As a result, all the hypotheses converge in overarching solutions: the improvement of the multilevel governance of the sustainable employment policies through an integrated system that connects local institutions, bodies and services.

In fact, the hypotheses are summarised by a shared vision approved by the participants at the end of the first phase of the pilot project: *A dynamic Molise that invests in human, social and governmental capacities to improve the quality of work, products, environment and life.*

The challenge of transferring approach, lessons, methods and instruments from a pilot project to other local contexts looking at national and EU perspectives.

The LAPs' guidelines are articulated in a final report of 80 pages signed by all the 45 participants.

This report constitutes the platform for the local and inter-regional continuity of the pilot project.

Locally (Molise), the guidelines should be translated into three co-ordinated programmes that collect and utilise all the available resources (e.g. EU, national, regional and local funds) with a transparently objective-oriented multi-dimensional approach. The programmes serve to promote and support the elaboration of high quality bottom-up employment projects.

Inter-regionally, the starting manual should be translated in a system of integrated tools capitalising the lessons of the Molise experimentation. These tools should be easy-manageable and adaptable to a wide variety of local contexts in order to foster other pilot projects towards sustainable employment & development.

To deal with both the local and inter-regional dimensions, the *SQM - Sustainable Quality Management*® system could offer improved and updating instruments.