

Orientation Paper:

Partnership Jobs and Skills in the local economy

Urban Agenda for the EU

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Introduction

The Partnership on Jobs and Skills in the local economy has been tasked to prepare and implement an Action Plan that is aiming to improve EU/national/local legislation, funding instruments and knowledge sharing with the aim to realise the full potential and contribution of urban areas towards the Union's long term objectives of sustainable growth and social, economic and territorial cohesion. In the forthcoming 36 months an Action Plan will be prepared, adopted and implemented. This draft orientation paper sets the background of this task, the specific challenges that will be addressed as well as the workings arrangements of the partnership, including meetings and (potential) deliverables. This draft Orientation Paper has been prepared by the three coordinators of the partnership, finalised in a cooperative spirit with all partners, presented and discussed among the member states of the European Union in the Urban Development Group meeting of 2 March 2017.

1. Composition of the partnership – including stakeholders

On the basis of applications of urban areas across the EU and recommendations by the Member States, EUROCITIES, CEMR and URBACT, the trio-presidency together with the European Commission have made the final selection of partners and agreed to the following composition of the partnership.

Coordinators:

- Romania – Ministry of Regional Development, Public Administration and European Funds
- Rotterdam (The Netherlands)
- Jelgava (Latvia)

Partners:

- Member states:
 - o Greece
 - o Italy
- Urban authorities:
 - o Ghent (Belgium)
 - o Kielce (Poland)
 - o Miskolc (Hungary)
 - o Porto (Portugal)
 - o Turin (Italy)
 - o Grand Angoulême (France)
- Partners representing the European Institutions (preliminary)
 - o DG REGIO
 - o DG EMPL
 - o DG HOME
 - o EIB
- Other partners



- CEMR
- EUROCITIES

Stakeholders

- To be decided based on final selection of issues, suggested: ILO, CEDEFOP, OECD

Observers:

- URBACT
- ESPON (to be confirmed)

2. Objectives

The overall objective of the Urban Agenda for the EU is to involve urban authorities and their partners in achieving Better Regulation, Better Funding and Better Knowledge, to realise the full potential of the European Union in urban areas.

Partnership's for the Jobs and Skills in local economy aim in particular is to facilitate the local economy, by increasing capacity and skills of the workforce, providing favourable preconditions for business development and creation of jobs, based on distinctive local specificities.

The partnership will explore, analyze and identify bottlenecks and burdens at EU, national and local level formulating concrete proposals for improvements in the EU legislation, funding and knowledge, thus providing more favorable conditions for the local economy and labor markets.

It is up to the partnership to identify the most appropriate themes and measures to address through a participatory and transparent approach, with strong involvement of all partners involved. In this process, the mapping exercise of EU initiatives on jobs and skills at local economy, including how they are adopted and implemented at national and local level, will be important to identify possible additional discussion topics.

An important issue in the partnership will be to identify the urban and spatial dimension of economic development, also the complementary elements and the interdependences between urban development and sustainable economic development. A good urban planning can provide favourable conditions for economic development – using local potential and resources (including human, historical, cultural etc.), attracting enterprises and skilled people. Meanwhile local economy can contribute to sustainable urban development (for instance, through limitation of traffic by efficient spatial distribution of economic activities, reducing social segregation and urban poverty, integration of immigrants).

3. Scope

The importance of Jobs and skills for the EU economy

The European economy seems to be slowly recovering from the financial and economic crises, at the aggregate level, while regional and urban enclaves remain deeply scarred by economic and social dislocation. After several years of decline, we are experiencing economic growth partly due to increased purchasing power and increased exports or even below zero percent interest rates. However, these positive effects seem to have hardly affected the labour market. Unemployment is

still much higher than before the crises. The primary goal of Europe 2020 strategy: “75% of the population between 20 and 64 has a job”, seems very far away. In particular, youth unemployment is a very serious problem for the European societies, as younger people not only need to confront the high unemployment rates, but also miss out on developing crucial labour market skills. Besides the fact that national and regional authorities have full competences over a range of legal and financial instruments (such as taxation, transposition of EU Directives), urban areas can create incentives and exploit opportunities to promote employment, jobs and skills. As urban areas are the key players in creating the conditions for sustainable economic development, a strengthened EU agenda on jobs and skills is therefore crucial to foster for the future labour market, employment and economic prosperity throughout of Europe and needs to be addressed urgently.

Economic performance at local level, including business development, is one of the most essential thematic aspects in fostering sustainable regional and urban development. New enterprises create new working places thus providing wider employment opportunities, fostering overall prosperity of inhabitants, as well as preventing unemployment, and labour mobility prompted by negative choices. Meanwhile, higher entrepreneurial activity and employment create preconditions for higher incomes in the budget of local municipalities, which can be used for providing better public spaces, better public services and more favourable business environment, and also for attracting highly skilled experts, in private and in public institutions. As a result, overall prosperity and life quality of local residents can be increased, as well as it can create favourable preconditions for attraction of new investors.

From an economic perspective, the development of particular territories depends on the ability to efficiently use available resources (including human resources, investments etc.), to attract and to multiply them, thus creating necessary critical mass for growth. Meanwhile, local economies have to adapt to the new reality, influenced by globalization and by the process of creating and developing new products and services. Therefore, it is essential to use the available resources in the most effective way (with focus on place-based approach), in order to create all the necessary preconditions for local economic development.

Jobs and Skills within the UN’s New Urban Agenda and Sustainable Development Goals

Creation of jobs and the improvement of the labour force skills represent a priority in the New Urban Agenda, a framework document approved in October 2016 in Quito, Ecuador, during HABITAT 3 Conference – “art. 14:” To achieve our vision, we resolve to adopt a New Urban Agenda guided by the following interlinked principles: ...b) Sustainable and inclusive urban economies, by leveraging the agglomeration benefits of well-planned urbanization, high productivity, competitiveness, and innovation; promoting full and productive employment and decent work for all, ensuring decent job creation and equal access for all to economic and productive resources and opportunities; preventing land speculation; and promoting secure land tenure and managing urban shrinking where appropriate“. At the same time, it was a common global engagement to support a “sustained, inclusive, and sustainable economic growth, with full and productive employment and decent work for all, is a key element of sustainable urban and territorial development and that cities and human settlements should be places of equal opportunities allowing people to live healthy, productive, prosperous, and fulfilling lives” (art. 43). In this way the Partnership also contributes to the

implementation and localization of the 2030 Agenda for Sustainable Development in an integrated manner, and to the achievement of the Sustainable Development Goals and targets, including Goal 11 of making cities and human settlements inclusive, safe, resilient and sustainable.

After HABITAT III Conference it was a common agreement that the development process of EU Urban Agenda represents the EU contribution to the New Urban Agenda of United Nations.

Relevant themes for the Partnership

National and regional authorities are crucial due to their role in establishing the legal, policy and financial support framework. The national and regional level should ensure proper conditions for local authorities in order to increase their effectiveness in provision of local economy.

Besides being an employer, local authorities are not in the lead position to create jobs. However, they do provide – within the limits of their legal powers – the circumstances under which jobs are being created, ranging from favourable business climate, promoting the modernization and transition of the local economy, supporting (including social) entrepreneurship, promoting lifelong learning and R&D opportunities, ensuring a proper infrastructure and a good mobility of people and goods, providing high quality public services, which prevent administrative burden and facilitate establishment of enterprises and their growth, controlling the urban development and the land use, diminishing the time and the procedures to obtain the building permit, and finding ways to stimulate local jobs including through social return schemes, promoting apprenticeship programs and financial instruments such as social impact bonds.

As our economies are in transition (Next Economy) and labour markets are becoming increasingly flexible, this calls for investment opportunities aimed at strengthening human capital, by developing and implementing demand driven, innovative and flexible training programmes for those that work and those that seek work. In addition to stimulating 21st century skills development, this should contribute to lifelong learning, improve (cross) sectoral mobility and help prevent and reduce unemployment. Special attention for employees and jobseekers that have a vulnerable position in today's labour market is required in order for them not to be reduced to the outsiders of tomorrow.

To strengthen the labour market position of jobseekers, stronger emphasis is needed on tailored training programmes and support in combination with prerequisite services, such as availability of sufficient childcare and public transport, information on labour market access for migrants, etc. Furthermore, a European labour market policy aiming for prosperity for all, must focus on both innovation, flexibility and income security. For instance, balance between the use of flexible contracts versus permanent positions and inherent flexible versus stringent characteristics of contracts themselves.

On the other hand, high unemployment, in particular amongst young people has made the importance of adequate skill sets abundantly clear. Rather than teaching skills that prepare for the old economy, the focus should be on the 21st century skills. Without a permanently skilled labour force companies lose growth potential, which in turn reduces the urban attractiveness as a business location. If companies become dependent on foreign highly skilled employees, because the necessary skills are not locally present, a labour market paradox appears: a high unemployment rate amongst lower skilled workers with an over-employment rate of highly skilled workers. At the same

time, in order to foster the use of local potential – the skills of local labour force should be in line with the local potential and specificities. Not least, considering the major challenges in local economy from the last years, readapting the labour force to the actual needs and, in particular, taking into account the situation of the people above 45 years - is crucial to limit the unemployment levels.

Cities play an important role as a network where people, businesses, schools and universities can interconnect: learn, exchange experiences, create and innovate. Local authorities can be part of and fuel such quadruple helixes networks. Close cooperation of various partners can result in new approaches, crossovers, experience and knowledge driven solutions. Besides an emphasis on 21st century skills, cities will have to focus more on people unable to adapt to actual technologies. As cities did in the past parts of the workforce may need to be organised in pools or cooperation. A true labour market of the 21st century should be inclusive, which means that disabled persons and long-time unemployed, key figures within local networks, must have equal access to jobs. Cities are well placed to be decisive in achieving an inclusive labour market. However, only in collaboration with the higher authorities, bottlenecks and constraints regarding an inclusive labour market can effectively be eliminated. Cities are in an excellent position – given their position within local networks to contribute to an inclusive labour market.

This first analysis of the issues and relevant themes for our partnership results in the following specific themes to be further developed and focused in the coming months:

- a) **Valorisation of R&D** – commercializing the results of scientific research and development in cooperation between entrepreneurs and the scientific and research community.
- b) **Business locations** – aiming at (re)developing business parks and office locations to the needs of the companies and entrepreneurs both existing and new. This includes transport and communication, networks such as water, waste, sewage, energy etc.
- c) **Public services** – providing the most common interface between citizen, entrepreneurs and the local administration, these should support economic activities. The quality of public services represents a condition to attract and to maintain investors and skilled labour force. The public service can have a direct (urban planning and land use services, building permits, operating permit, public transport, supply services, economic facilities) or indirect (security, health or population data) impact on economic activities. Meanwhile administrative burdens shall be reduced providing services which facilitate the establishment of enterprises and promote their growth.
- d) **Effective local government** – must sustain the local economic, including jobs creation and skills development. In order to achieve effective local governance it is necessary to cover the following 4 perspectives:
 - To meet the local needs and specificities;
 - To contribute to sustainable local development (among others, recovering urban territories and facilitating urban regeneration, using local labour force, limiting the unemployment, supporting the integration of disadvantaged groups);
 - To provide territorial impact assessment of policies – the quality of investments;
 - To foster urban – rural linkages and development of functional urban areas.

- e) **Next Economy** – enabling the transition of cities and regions with a strong industrial and often fossil fuel base into a next economy based on knowledge, sustainable energy, digital platforms and more localised and circular forms of production. This provides an area of opportunity for coupling locally-based social economy initiatives with the promotion of sustainable development.
- f) **Education and Skills** – ensuring the labour force is skilled in 21st century job skills, aiming at a highly qualified workforce, experts and capacities, so as to foster higher productivity, creativity and innovation, and ensuring inclusive labour markets. This includes the entire education circle, including lifelong learning systems.

Taking into account the above reasons, this partnership will explore and analyse the above mentioned themes in order to identify and agree on the most urgent bottlenecks and burdens that need to be tackled at EU, national and local level. Furthermore, this partnership will answer how the local economy can be fostered in particular territories, through integrated and place-based policies adaptable to different needs of urban areas and their inhabitants, making the most of the territorial potential across Europe. For each theme, a special attention will be given to the 12 cross-cutting issues mentioned in the Pact of Amsterdam, especially to the inclusive approach – social inclusive markets (inclusion of vulnerable groups and inclusive entrepreneurship).

4. Working arrangements

Following the provisions from the Pact of Amsterdam and from the Working Programme of the Urban Agenda of EU the main focus of the partnership will be to prepare, adopt and implement an Action Plan aiming at Better Regulation, Better Funding and Better Knowledge on the overall theme of Jobs and Skills in local economy and the subthemes identified:

- Defining the administrative issues of the partnership, including tasks and responsibilities agreed and committed by the coordinators and partners, based on the themes identified for local development under paragraph 3 (see also the annex 1).
- Mapping the existing EU frameworks and initiatives.
- Identifying main EU/national/local level bottlenecks and burdens that pose problems to promote local economy and business development, employment and training.
- Preparing an Action plan consisting of concrete proposals for improvements in EU legislation, funding and knowledge, in order to provide more favourable conditions for the local economy and labour markets, as well as to increase urban knowledge.
- Monitoring and involvement in the implementation of the Action Plan's proposals.
- Ensuring the transparency of the process through consultation with other partnerships and with other stakeholders.

The partnership is not a traditional network for knowledge and experience exchange. Instead each partner will have concrete responsibilities and has committed to complete specific parts of the Action Plan. For each subtheme identified a thematic working group will be set up that will define its working package following a general template. This will ensure that the issues of Better Regulation,

Better Funding and Better Knowledge are being tackled consistently throughout the partnership and will help identify cross sectoral issues that need to be further developed. Each thematic working group will further specify the subtheme and research questions, identify the need for specific work and support (by either the Commission, the Partnership Secretariat, or other means) and possible activities to be undertaken. The working groups will report back to the partnership during plenary meetings. The work of each sub-working group will be finalised through a report which will be compiled by the coordinators into the partnership's Action Plan.

Role of the coordinators

The main task given to the coordinators is to prepare the partnership's Action Plan. This includes:

- Organizing the work of the partnership, including:
 - o Organizing and chairing the Partnership meetings.
 - o Organizing and coordinating the work packages.
 - o Ensuring the coherence and coordination between sub-working groups.
 - o Providing the necessary formats for templates, meetings and support (requests).
 - o Identifying cross sectoral issues and knowledge gaps within the partnership's activities
 - o Quality control and ensuring involvement of relevant expertise.
 - o Drafting and finalizing the Action Plan on the basis of the reports from the working groups.
 - o Working in close connection with the partnership secretariat.
- Representing the partnership, including:
 - o Establishing the links with the Commission services.
 - o Reporting the activities and the progress to the EC, DGUM / UDG, EP and Committee of the Regions.
 - o Ensuring the connection with the other partnerships.
 - o Promoting the results and engaging other interested urban areas and member states.
 - o Organizing a public consultation on the draft Action Plan.

Role of the partners

The partners play a crucial role in bringing forward the working packages to which they have committed themselves. The coordinators will also assume the role of partner in the partnership, thus being fully engaged in the development of the content. All partners are asked to:

- Assume concrete role and activities.
- Contribute to and/or lead one or more thematic working groups.
- Participate in the partnership meetings, engage experts and expertise from external networks and promote the activities of the partnership to these networks.
- Share the knowledge and experience, generate ideas for the Action Plan.
- Contribute to the implementation of different actions of the Action Plan.

- Make available the necessary resources needed to guarantee these commitments to the partnership.

Role of the partnership secretariat

The technical secretariat established by the European Commission has been given the following five tasks:

- Support the coordinators (organise the mailing list, create and update the calendar, assist in organizing partnership's meetings and meetings with Commission's services and other relevant partners, incl. drafting minutes, sending invitations, gathering partners views etc.).
- Provide mapping of existing EU level initiatives, legal acts, knowledge (available statistics, existing EU level surveys regarding topics relevant for the partnership).
- Provide a Template for the Action Plan to be applied by all partnerships.
- Provide expertise to the partnership (in addition to the expertise of the partners), based on specific research questions from the working groups.
- Ensure outreach and communication by preparing information material, maintain the website and discussion platform and (help) organise workshops.
- In charge of reimbursing travel costs in exceptional cases on the basis of a proposal by the coordinators and approval by the Commission.

Role of the other partners and observers

The other partners and observers (CEMR, EUROCITIES, URBACT and ESPON) will be working with the partners, broadening the knowledge base and support in bringing the results of the partnership to a larger group of urban authorities and relevant stakeholders. ESPON will support the partnership with expertise and evidence from previously performed surveys. The other partners and observers will also fulfil an important role in ensuring capacity for policy development and delivery and access to knowledge and share know-how on all aspects of sustainable urban development in order to improve urban development policies found by our results. Also these partners can provide support in the consultation process.

5. Deliverables

- Validation of the Orientation Paper– April 2017- DG meeting.
- Stocktaking – June 2017 (final report with existing Commission frameworks and initiatives):
 - o Each working group will analyse and complement to this work by 10 June 2017.
- Research – November 2017 (analysis and diagnostic):
 - o Each working group will submit their report by 10 of November 2017.
- First draft Action Plan –January 2018:
 - o Each working group will submit their report by 10 of January 2018.
- Online consultation of stakeholders – April 2018.
- Final Action Plan – September 2018.
- Implementing concrete actions from the Action Plan – after September 2018.

- Progress report about the implementation of the Action Plan – December 2019.

Consultation:

- Public consultation – through Futurium / own website one month after each report;
- With other partnerships – permanent through Secretariat;
- With cities – permanent through URBACT and MS (using UDG network).

Outcomes:

- The Action Plan with concrete actions for better regulation (proposals to improve the existing legislative framework at EU/national level, in order to avoid the difficulties in implementation at local level), better funding (proposals to improve the existing funding framework at EU/national/regional level – eligible investments, rules or conditions, with aim of improving accessibility and coordination of existing funding possibilities contributing to their simplification) and better knowledge (proposals to improve the existing knowledge framework at EU/national/regional/local level – improve the data, exchange of good practice that can be replicated). The actions should be clear, detailed and feasible. Meanwhile the actions should be new - *no 'recycling' of elements which have already been done or which would be done anyway.*

6. Next meetings

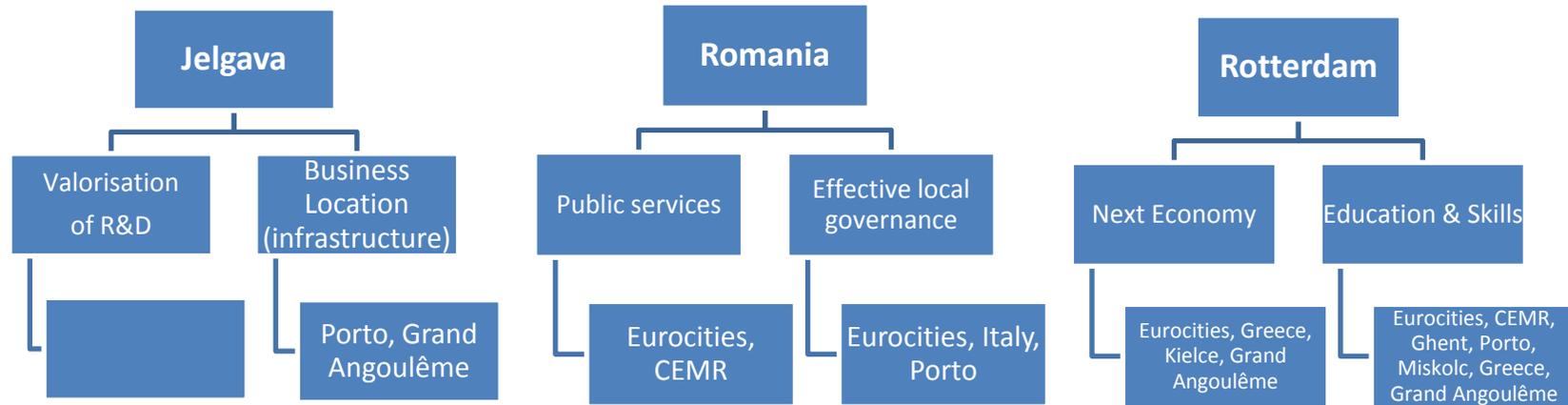
4 of April 2017 – approval of the OP in the DGUM.

May/June 2017 – second meeting of the partnership (tbc).

October/November 2017 – third meeting of the partnership (tbc).

- At least one meeting of the partnership will be organised in 4 months.
- Each working group will decide the meeting schedule; each working group will be organizing a (virtual) meeting at least once every 2 month.
- The coordinators, project manager and EC representatives will meet one day before/after the partnership meetings in order to analyse the progress and to establish the next activities in the partnership.

Annex 1 - Division of competences between partners of the Partnership



	Better Regulation	Better Funding	Better Knowledge	Better Regulation	Better Funding	Better Knowledge	Better Regulation	Better Funding	Better Knowledge	Better Regulation	Better Funding	Better Knowledge	Better Regulation	Better Funding	Better Knowledge	Better Regulation	Better Funding	Better Knowledge
Stocktaking																		
Research																		
Sub-working group Report																		
First draft Action Plan																		
Final Action Plan																		
Implementing concrete actions																		
Implementation the Action Plan																		

Annex 2 – Sub-working groups

Jelgava:

Valorisation of R&D - commercializing the results of scientific research and development in cooperation between entrepreneurs and the scientific and research community.

- ✓ **Challenge** – collaboration between entrepreneurs and science institutions:
 - ✓ SME resources for innovations - dilemma for SME – risk in innovative products or traditional growth (price or quantity)
 - ✓ Motivation for scientific and research community – academic or commercial projects
- ✓ **Role of City government:**
 - ✓ Mediator or active developer (financial input, risk capital, grant schemes etc.)
 - ✓ Local innovation strategies

Business Location (infrastructure): aiming at (re)developing business parks and office locations to the needs of the companies and entrepreneurs both existing and new. This includes transport and communication, networks such as water, waste, sewage, energy etc.

- ✓ **Challenge** – globalization and mobility of resources (human resources, investments etc.)
- ✓ **Role of location** – appropriate environment, including necessary infrastructure, is one of preconditions for attraction of investors / entrepreneurs
 - ✓ Starting time – payback time
 - ✓ Frozen assets – renewal of deprived and contaminated territories and adjusting to the needs of entrepreneurs (territorial potential)
 - ✓ Location – not only in administrative borders
 - ✓ Role of city governments

Romania:

Public services: Public services provide the most common interface between people, entrepreneurs and the local administration and at the same time, these should support economic activities. The quality of public services represents a condition to attract and to maintain investors and skilled labour force. The public service can have a direct (urban planning and land use services, building permits, operating permit, public transport, supply services, economic facilities) or indirect (security, population data) impact on economic activities. Meanwhile administrative burdens shall be reduced providing services which facilitate the establishment of enterprises and promote their growth.

✓ Challenges

- ✓ Capacity of local authorities to offer a good quality of public services: provide proper public services in order to keep and attract investors and skilled labour force.

✓ Role of cities

- ✓ Meet the investor's expectations and guide the development trends
- ✓ Important employer
- ✓ Ensure an attractive economic environment
- ✓ Integrate the different sectors
- ✓ Follow the citizen interest and investors expectations/needs
- ✓ Reduce the administrative burdens – diminish the procedure to obtain building and functioning permit.

Effective local governance: the aim is to ensure the local precondition for entrepreneurs to improve their efficiency and, at the same time, to use in sustainable way, the local potential in a sustainable way.

In order to achieve effective local governance it is necessary to cover the following 4 perspectives:

- To meet the local needs and specificities;
- To contribute to sustainable local development (among others, recovering urban territories and facilitating urban regeneration, using local labour force, limiting the unemployment, supporting the integration of disadvantaged groups);

- To provide territorial impact assessment of policies – the quality of investments;
- To foster urban – rural linkages and development of functional urban areas.

Challenge – capacity of local authorities to support the entrepreneurs and the local economy

- ✓ Urban-rural partnership - overcome the administrative burdens
- ✓ Strategic vision – proactive approach
- ✓ Urban mass
- ✓ Urban structure
- ✓ Urban mobility
- ✓ Urban regeneration
- ✓ Use the local potential
- ✓ Availability of data – use of digital infrastructure
- ✓ **Role of cities**
 - ✓ Increase their own capacity
 - ✓ Cooperate
 - ✓ Ensure the predictability
 - ✓ Develop and implement an integrated strategy

Rotterdam:

Next Economy: enabling the transition of cities and regions with a strong industrial and often fossil fuel base into a next economy based on knowledge, sustainable energy, digital platforms and more localised and circular forms of production.

- ✓ **Challenge – transition from a fossil based economy to a sustainable and decarbonised economy:**
 - ✓ More local production, adaptation of infrastructures, new ways of financing
 - ✓ Smooth transition from old to new sectors - comprehensive approaches
- ✓ **Role of City government:**
 - ✓ Facilitator, coordinator, manager of the processes
 - ✓ Promoting citizen's initiatives for change
 - ✓ Linking local with other governments and organising the governance regarding development of infrastructures

Education & Skills: ensuring the labour force is skilled in 21st century job skills, aiming at a highly qualified workforce, experts and capacities, so as to foster higher productivity, creativity and innovation, and ensuring inclusive labour markets. This includes the entire education circle, including lifelong learning systems.

- ✓ **Challenge – tackling the mismatch between people's skills and qualifications and employer needs, in particular local labour markets future needs**
 - ✓ Improving labour market skills required by local businesses
 - ✓ Identifying future labour market needs
- ✓ **Role of City government**
 - ✓ Bringing together multiple stakeholders in the field of education and skills (quadruple helix)
 - ✓ Promoting Co-creation by educational institutions and private sector
 - ✓ Promoting new forms of (lifelong) training and education and lifelong guidance
 - ✓ Facilitating social entrepreneurship and social innovation