Social capital is clearly linked to improving social relations and participation in local community activities. Defined as ‘networks, norms, values and understanding within groups’, the role of social capital, has, to date, been insufficiently covered at regional level. In 2003, the Foundation launched a project aiming to assess the usefulness of regional social capital and its possible role in the improvement of social inclusion and employment. Regional social capital in Europe provides examples of, and strategies for, regional social capital initiatives in six European Union Member States, suggesting new ideas and approaches for policymakers.

The European Foundation for the Improvement of Living and Working Conditions is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. The Foundation was established in 1975 by Council Regulation EEC No. 1365/75 of 26 May 1975.
Regional social capital in Europe
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Regional social capital in Europe
Disparities between the various Member States and the regions of the European Union still exist. Measured and compared by their gross domestic product, regional disparities diminish to a lesser extent than at national level. The new guidelines for implementation of the European employment strategy (EES) and on the role of the Member States in developing National action plans (NAPs) give a more important role to the regional and local levels in policy preparation and implementation.

Regional policies have generally recognised the role of human and financial capital in combating social exclusion. The role of social capital, on the other hand, has been insufficiently covered at regional level. ‘Social capital’ is often defined as ‘networks, norms, values and understanding within groups’. It is clearly linked to social relations and participation in local community activities.

In 2003 the Foundation launched a project with the aim of studying whether ‘building social capital’ has been a factor in the improvement of social inclusion and employment in disadvantaged regions. It also considered whether regional social capital is a useful concept for policymakers.

This report provides examples of and strategies for social capital initiatives at regional level in disadvantaged regions in six European Union Member States. We hope that it will provide new ideas and approaches for policymakers involved in the creation of employment, economic growth and social inclusion policies at regional level.

Willy Buschak
Acting Director
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>v</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1 – Crete</td>
<td>7</td>
</tr>
<tr>
<td>2 – Ireland/Northern Ireland border region</td>
<td>17</td>
</tr>
<tr>
<td>3 – Hainaut Occidental, Belgium</td>
<td>33</td>
</tr>
<tr>
<td>4 – Burgenland, Austria</td>
<td>39</td>
</tr>
<tr>
<td>5 – Jämtland, Sweden</td>
<td>51</td>
</tr>
<tr>
<td>6 – Lucena, province of Cordoba, Andalucia, Spain</td>
<td>65</td>
</tr>
<tr>
<td>7 – Synthesis of case studies</td>
<td>79</td>
</tr>
<tr>
<td>8 – Conclusions and policy implications</td>
<td>89</td>
</tr>
<tr>
<td>Bibliography</td>
<td>95</td>
</tr>
<tr>
<td>Annex</td>
<td>99</td>
</tr>
</tbody>
</table>
Introduction

The European Employment Strategy (EES), 1997 placed a clear emphasis on policy preparation and implementation in the regions. The EES also focused on the Lisbon European Council (March 2000), which stressed the importance of active involvement of the Member States in implementing policies to promote employment and social inclusion. It also identified the social partners\(^1\) and civil society as key players. In this context, the European Commission is supporting new forms of governance, allowing local and regional actors to play an active role in the development of initiatives, and emphasising the importance of partnerships as a tool to promote employment.

Against this background, the four-year rolling programme of the European Foundation for the Improvement of Living and Working Conditions, 2001–2004, identified research to be carried out on ‘Strategies to combat social exclusion and unemployment in disadvantaged regions’. In September 2003, a study was carried out by the Local Rural Development Programme with the aim of assessing the usefulness of ‘regional social capital’, focusing on disadvantaged regions.

This study builds on the current consensus that regional policies are necessary and important, to promote economic growth and to combat social exclusion and unemployment. The role of ‘social capital’ in regional policy is at the forefront of the recent debate and is gaining popularity. The study also raises a number of potentially controversial issues, regarding the relevance of social capital as an instrument of policy, and its impact on the competitiveness of less advantaged regions.

Specific objectives are:

- to map out the concepts and definitions of ‘social capital’, including a short review of the existing debate;
- to clarify the links between ‘social capital’ and ‘regional development’;
- to identify and analyse selected examples, where ‘social capital’ has been strategic in the improvement of social inclusion and employment;
- to consider ‘social capital’ as a useful concept for policymakers.

This study complements initiatives by the Social Fund, through focusing on the regional dimension.

**Definition of social capital**

The concept has both a social and a capital dimension. Definitions of social capital encompass three elements:

1. values and attitudes, which produce trust and reciprocity;
2. networks – including both personal and organisational;
3. consequences.

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\(^1\) By ‘social partners’ in this study, it refers to employers, employer organisations and trade unions.
Case studies

The table below presents the six regions selected. The choice of regions was made using the following criteria:

- disadvantaged: Objective 1 (those regions with gross domestic product (GDP) per capita of 75% or less than the EU average) present or past;
- a split between North and South, without excessive emphasis on one geographic area;
- common regional characteristics – identity, culture, etc;
- homogeneity;
- evidence of specific, common, structural problems;
- experience in mobilising social capital in development efforts;
- examples of good networking as part of their development.

<table>
<thead>
<tr>
<th>Region</th>
<th>Criteria used to assess relevance for case studies</th>
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</table>
| 1 Crete (EL) | • Strong regional identity and common cultural values  
• Homogeneity – Objective 1, relative isolation of an island  
• Offers examples of mobilising social capital in development efforts (Local Social Capital (LSC) project) |
| 2 Northern Ireland (UK)/Ireland (border region) (IE) | • Elements of regional identity, but in the context of divided communities  
• Cross-border area  
• Experience of transition  
• Substantial resources under EU policies – INTERREG, PEACE and mainstream Objective 1  
• Offers examples of mobilising social capital – through emphasis on community development |
| 3 Hainaut Occidental (Wallonie) (BE) | • Former Objective 1 – experience from transition  
• Border region  
• Industrial region  
• Offers examples of mobilising social capital |
| 4 Burgenland (AT) | • Objective 1 area  
• Border region with Hungary  
• Regional identity related to history and geographical position  
• Offers examples of mobilising social capital (LSC project, other) |
| 5 Jämtland (SE) | • Rural, low population density  
• Offers examples of promoting social inclusion and employment – local initiatives on inclusion of young people, promotion of small-to-medium enterprise (SME) competitiveness, partnership experiences |
| 6 Lucena, Province of Córdoba, Andalucia (ES) | • Strong identity, e.g., common cultural values  
• Homogeneity – Objective 1  
• Very dynamic growth based on social capital  
• Offers examples of mobilising social capital in development efforts |

Approach

Qualitative analysis was undertaken using personal visits and interviews. Time available for the study did not allow for an extensive survey with quantitative measurements. Instead, the method was qualitative and focused on registering links, contacts and values, expressed and emphasised by the interviewee. Where available, interviews were complemented with a relevant bibliography. Interviews were conducted using a structured list of thematic areas common for all, to allow for aggregation of results and comparisons.
Context

The geographic, demographic and socio-economic characteristics of the region or area, used as a case study, are briefly described, in addition to the main problems facing that region. There is also a justification provided as to why the particular region was chosen as a case study.

Concept of social capital

Social capital is defined for the purposes of the fieldwork as: ‘features of social organisation such as networks, norms and trust that can facilitate action and cooperation for mutual benefit’. This is appropriate to spatial communities and socio-economic players – individuals, companies, authorities, research centres, business support agencies, etc – in a local or regional context; it is also appropriate to policies such as collective action.

This is the operational definition and the basis for examining how different actors understand the concept of social capital. In order to re-assess the appropriateness of this definition, the following criteria were used:

- the practical relevance of social capital for policy, for example, relevant for social inclusion, employment, both, or other;
- the use of social capital as a factor in the process or as an outcome;
- the practical experience of applying social capital at local and regional level;
- the beneficial effects of social capital on social inclusion, employment, local and regional development.

The objective is to clarify the ‘use of social capital’, and to focus the debate on social capital, in the context of that region.

Target groups

The study examines disadvantaged regions that face employment and social exclusion problems. In this context, it is important to define the types and characteristics of target groups that are reached in each area, by interventions that use social capital to promote employment and social inclusion.

Types of links between target groups are also examined. An important distinction is made between the following types of social contact:

- bonding with people similar to oneself, in order to get by in life;
- bridging with people, or groups of people, dissimilar to oneself in order to get by in life;
- linking to people, or groups of people, on a different step on the social ladder, to obtain access to resources and knowledge.

A mix of bonding, bridging and linking social capital is desirable as too much of one without the other can distort the benefits of social connections. For example, tightly-knit networks can use their
access to financial assets, information or authority to exclude others. Innovation, enterprise and reaching out to individuals and groups beyond one's immediate network can be impeded by exclusive, in-group solidarity.

Policy implications

There are a number of broad principles and civic values, which have immediate and practical relevance to policy formation. Top-down policy formation tends to operate in isolation from communities and citizens, while policymaking that is accountable, transparent and accessible, to citizens and communities, entails increases in trust and draws on the skills and potential of local communities. Highly centralised and dependency-related models of decision-making and delivery can limit the scope for engagement, flexibility and trust. Therefore, subsidiarity, autonomy, participation and partnership are key areas and concepts for developing social capital. It must be noted, however, that excessive reliance on ‘bottom-up’ approaches may miss out on areas of disadvantage and access to important social networks. The right balance needs to be struck, therefore, between public goals, as expressed in ‘top-down’ approaches, and ‘bottom-up’ approaches that rely on a mobilised and empowered civil society.

Some key issues and challenges examined here include:

- promoting the principle of partnership: fostering mutual help and self-reliance; supporting partnerships that draw on key civic energy and potential; supporting horizontal, as well as vertical partnerships – at local, regional and national level;
- governance: information and communication in the form of social dialogue, reaching out to citizens through regional and local democracy, and listening to and engaging all communities; involving society in creating more effective and open consultation for shaping policies, and connecting with networks; the role of local and regional actors in promoting actions that encourage social inclusion, fairness, transparency and equality of opportunity.

Impact

International research and literature all point to the positive impact of social capital on:

- poverty and social exclusion;
- economic productivity;
- educational achievement;
- personal well-being and health;
- public governance and citizen engagement;
- crime and other forms of social deviance.

However, there are important questions about causation and impact. Given the difficulty in defining and measuring social capital for empirical research, some caution is needed in interpreting the results. For example, the number of voluntary organisations, as an indicator of civic involvement, may not take into account the quality of this engagement.
Case studies were carried out using a qualitative method and indicators used to measure social inclusion include: people who access employment agencies; increased trust in institutions; target groups cooperating with regional actors; training centres; increased participation in associations and cooperatives; and creation, consolidation and formalisation of associations and cooperatives.

The impact of policy interventions and initiatives on beneficiaries, in terms of employment and social exclusion, is examined in the context of regional development. The aim is to link regional and social capital and to identify empirical links. Regional development, in the broader sense, can be defined as an improvement in production and competitiveness of the region, as well as increased employment and improvement in quality of life. The impact of interventions is analysed to assess conditions necessary for key success factors to ‘work’. Finally, an overall appraisal is carried out on the potential of social capital, to effectively combat social exclusion and unemployment in the regions studied, through a synthesis of the case studies.
Context

Crete was chosen as a case study because of its strong sense of identity, common cultural values, historical background and homogeneity. It enjoys relative isolation as an island, and offers examples for mobilising social capital in the development of European programmes and local initiatives. Crete has a population of 601,200 (2001) and an economy based mainly on tourism and agriculture.

Social exclusion and under-employment are the main problems in Crete. The characteristics of the area are physical exclusion, with mountainous and semi-mountainous rural areas with closed family structures and traditions. In small villages, families tend to hide social problems, such as mental health or special needs, which are considered shameful. Because of the predominance of family, voluntary activities and social economies have not been developed in Crete, until recently. One of the main issues is lack of equal opportunities in the labour market for women, young people with low skills and people with disabilities.

Concept of social capital

Social capital is understood as: networks, trust, working through partnership, spatial communities, common culture and norms, transfer of experience, and mobilisation. Horizontal cooperation is shown to be more effective, and trust is more evident between same level institutions or groups of people at horizontal level.

Social capital can achieve cooperation to promote employment and social cohesion and has been successfully accomplished by, for instance, various employment actions in partnership with other local actors.

Social capital can contribute directly to employment. The LSC pilot project created employment, with the use of micro-grants. It can also contribute to social inclusion through employment and capacity-building. An example of this is women heading single parent families who received training from the Centre for Professional Training, and then obtained employment through the National Employment Agency. These women improved their status, boosted their self-esteem and achieved social integration as a result.

Social capital is also relevant for equal opportunities between men and women, particularly for this region, with its high percentage of rural women with low skills and its relative isolation from labour market centres.

It is also relevant for enterprise-creation, particularly in the social economy. The creation and support of networks, and the use of cohesion-type actions, shaped the development of social enterprise for the first time in Crete.

Use of social capital

There is almost complete agreement about the use of social capital, as a means to an end, and as a tool in the design and implementation of employment and social policy initiatives. There is also
a view that the development of social capital could be an ‘intermediary’ goal, which could then be used towards a final target of, for instance, employment or inclusion.

Crete has implemented various programmes that use social capital as an instrument to build on cooperation (Chapter 3), through local partnership structures. Many of these programmes, however, are used unconsciously, without specific reference to the concept itself, i.e. the basic elements that shape social capital are present, such as cooperation, trust and common action for mutual benefit.

The dominant view is that social capital should be used as an instrument of policy for empowerment and social support, which in turn could lead to more and better employment.

**Applicability of social capital at local and regional level**

European pilot projects, implemented at sub-regional level (préfecture), show the more practical experience of social capital at local level, centred on provision of support services through local partnerships, employment initiatives and social support actions. The various advantages, identified from working through local partnerships, are: the transfer of knowledge and experience, a common philosophy shared, and the involvement of relevant people with local experience. It is easier to solve problems and build on existing cooperation links with local level partnerships. There are, however, some disadvantages: some partners lack knowledge on social issues, differences in local cultures and technical infrastructure, the geographical character of some areas, e.g. mountainous areas, all hinder efficient cooperation. Some local partners also lack the necessary means to implement employment or capacity-building initiatives.

Despite practical experience at local level, regional social capital is considered to be relevant for the following reasons:

- horizontal cooperation can help overcome differences in culture, development speed and other regional differences;
- horizontal regional cooperation can support global, comprehensive interventions, instead of one-off, isolated actions;
- regional level cooperation can have more impact. For example, a Cretan network of institutions, working on inclusion of people with special needs, is shown to have more impact than the activities of one institution alone.

The difficulties of applying social capital at regional level are related to:

- **coordination**: difficult to coordinate regional level interventions, lack of institutions with sufficient capacity to coordinate;
- **lack of support from the relevant institutions and actors**: support tends to be fragmented and targeted at specific sectors, population segments or geographic areas;
- **geographic inequalities**: which have not allowed full development of regional level structures; here are, for example, two development agencies that artificially ‘split’ the island.
There is another view that combines the local with the regional. It concerns planning of regional interventions with implementation at local level. For this to be viable, there is a need for better development of local structures, with adequate capacity and far more efficient local implementation. There are currently some efficient local structures, but not in all prefectures.

Benefits of social capital

Social capital has explicitly been used only at local and sub-regional levels. It is recognised that it ‘is better to work together than in isolation’, and benefits at local level are related to social inclusion and potential for development through:

- increased responsibility;
- better quality of advice;
- increased funding opportunities;
- transfer of knowledge and experience;
- increased awareness;
- minimisation of costs through the use of common tools;
- better service quality.

Dimensions of social capital

All social capital dimensions are present in Crete, but there are differences in degree.

Bonding is very strong, both in families and in local communities. A sense of being ‘Cretan’ is very strong among the population and even stronger in localities with special historical characteristics. There are institutions that promote bonding between families with common characteristics; an example of this is ‘Zoodoxos Pigi’ NGO, which has been very successful in bringing together families of children with special needs. This type of bonding has been particularly successful in highlighting common ground – once a taboo and cause of isolation and fragmentation – and converting it into a connecting factor, with the ultimate goal of re-integration into society.

Bridging, as a result of EU supported initiatives, has made partnership and networking, key elements for design and implementation. Although bridging has developed as a prerequisite of European programmes, there is now a strong pattern of active organisations working together outside these, although the main source of funding for most initiatives is still European funding. Networks and partnerships, established in the context of European programmes, are still active and expanding to participate in an increasing number of initiatives, such as EQUAL, which has had a strong presence in Crete.

Mechanisms for bridging social capital comprise of NGOs and public sector agencies, operating mainly at local and sub-regional level. Specific issues addressed by networks include:

- building capacity for the provision of special training and professional orientation centres;
- developing social inclusion interventions, such as mobilisation through information and communication.
Linking social capital is less evident for the following reasons:

- bureaucracy and lack of trust;
- weak institutional links;
- weak links between regional administration and NGOs.

Trends are gradually changing with greater cooperation between various levels. The regional administration and training centres have developed good links through vertical cooperation, which is finally becoming more formalised and fruitful. The attitude of public administration towards vertical cooperation is also gradually changing, as evidenced in public sector officials, who now recognise the importance of local NGOs and development agencies, in the regional development process.

The mechanism of linking, particularly of institutions for the dissemination of information, is increasing. For instance, the Heraklion Development Agency uses its Brussels office for the dissemination of information, promotion of links and raising interest of other institutions.

Policy implications

The concept of ‘social capital’ has not been used explicitly in policy interventions and initiatives in Crete, with the exception of the LSC pilot project of Article 6, of the European Social Fund (ESF). The key elements of social capital, such as networking, partnership, and working together for mutual benefit, have been present in a number of cases, as described below.

- The ‘Equal’ opportunities action:
  In the context of the Operational Programme (OP), ‘Employment and professional training’ which targets socially excluded people and is coordinated by the Heraklion Development Agency, through a partnership with the association of municipalities of Crete, the advice and social policy centres of two municipalities, and two development agencies.

- An EQUAL project:
  The ‘development of social economy’ in the regions of Crete, coordinated by the Heraklion Development Agency, in partnership with 22 institutions. The main target of the project is to tackle unemployment and under-employment for disadvantaged groups – especially women and young people with low professional skills and people with special needs – through the creation and piloting of social enterprises.

- Social support actions, financed by the Regional operational programme, such as providing home help, have been very successful in promoting equal opportunities and increasing female employment rates.

- Various employment actions (local employment initiatives) of the region are carried out by a coordinator (municipality or prefecture), in partnership with other local actors, such as local authorities, training centres, local associations, development agencies, municipal enterprises, academic institutes, etc, with a common target: empowerment and social cohesion.

- An EU project on capacity-building and employment for women, in regions from Finland, Italy and Crete, led to the creation of a European level association (vertical cooperation).
Other local, informal interventions for social exclusion, for example, the Prefecture committee for training, SOS racism, etc.

The training centres (KEK) provide mechanisms for employment, support to women’s cooperatives, through, for example, links between employers and trainees.

The network, ZEYXIS, is a good example of increasing awareness of society and of promoting interventions for people with special needs. It includes seven similar institutions at regional level. Each one offers its own experience, in the development of proposals and in their implementation. It is also networked with the development agency, for participation in programmes and technical support. Moreover, it is networked with enterprise, with the short-term objective of creating social enterprises and a long-term objective for the employment of people with special needs. There are also links with the region, but they are less developed and have a long way to go.

The most innovative approach for employment and social inclusion in Crete has, however, been the LSC pilot project, launched by the European Commission, Directorate General for Employment and Social Affairs (DG EMPL), in July 1998, under Article 6 of the ESF. The overall objective of the LSC pilot was to promote employment and social cohesion, through bottom-up initiatives. Its specific objectives were to:

a) test a method of decentralised delivery (‘the LSC approach’);

b) explore the relevance of local social capital: the key characteristic of the LSC pilot was the decentralised method of delivery, based on NGO intermediaries and global grants. In Crete, the Heraklion Development Agency, the intermediary body, worked in partnership with other local and regional cross-sector organisations, selected micro-projects, and supported them with micro-grants and technical assistance, such as outreach, project development and accompaniment.

All interventions and initiatives described above contain policy approaches, related to partnership, governance and promotion of employment, with specific emphasis on employment.

**Partnership**

In terms of the geography of partnerships, there is a distinction between local, sub-regional and regional level partnerships, with local and sub-regional being stronger and more developed; regional partnerships, on the other hand, are more of a reflection of European programme requirements than genuine cooperation systems. Local and sub-regional partnerships were present in the LSC pilot project and in employment, social support and capacity-building actions.

Regional partnership is important for effective coordination of programmes; for example, in EQUAL there is central as well as regional-level coordination by the development agency, which is combined with local coordination. The problems with regional partnerships are primarily the mismatch between top-down policies and bottom-up needs. When the public sector is involved, the problems are a lack of coordination between institutions working in different areas – such as employment and social security – and a lack of trust from local, sub-regional and non-public institutions, towards the public sector.
There are different patterns of partnership:

- an NGO acting as an intermediary body under the LSC pilot, working in partnership with the public, private and third sector;
- thirty-nine municipalities working in partnership, under a communication network (‘Koinopolitia’) that mobilises the civil society and carries out social integration actions;
- partnerships between associations in different prefectures that work on a specific common subject, such as people with special needs;
- partnerships set up in the context of European programmes – a typical example is EQUAL.

Promotion of employment

A distinctive feature of policy is that it has evolved to place a stronger emphasis on economic outcomes, like the employability model of the EES, with its strong emphasis on 'hard' employability outcomes, such as qualifications and jobs. The EQUAL project is an example of how the promotion of social enterprise is used to combat unemployment. All initiatives relate to capacity-building or employment. The only exception is the LSC pilot, which places equal emphasis on employment and social inclusion.

Role of local and regional actors

Local actors, such as associations, NGOs and local authorities, play a key role in policy implementation, particularly employment policies. They have a limited role in policy development, because of poor vertical links. Only in recent years, through development agencies and other sub-regional level actors – such as ‘Koinopolitia’ municipality network – acting as links between local groups and regional level, have local actors become increasingly involved in implementing programmes. Some local actors have been very active in mobilising similar groups in the region: an NGO for people with special needs has created a Cretan-wide network and developed links with sub-regional level institutions, for funding and capacity-building.

Sub-regional actors play a key role in coordinating and implementing programmes, and some have the capacity to influence policy with good communication skills and through developing effective links with higher level actors. The positive role of sub-regional actors depends on their capacity to provide information and to implement programmes efficiently.

The role of actors is not related to the administrative level they represent, i.e. local, regional, etc., but to their capacity to implement and coordinate. Due to lack of flexibility, poor capacity of human resources, lack of time and differences in perceived responsibilities of the public sector, the main delivery agencies of government policy or European programmes are NGOs, or development agencies. Even if the public sector is present (e.g. EQUAL), the development and use of social capital rests primarily on the non-public sector, and on stronger and better cooperation between non-public actors. Even regional administration recognises the importance of NGOs for policy implementation, because of their closeness to target groups, which is local, flexible, and specialised.
Role of social partners

The experience of Crete illustrates that the social partners, employers and trade unions have only recently started actively participating in the design of initiatives and programmes. More specifically, employers participate in the design and implementation of programmes, through institutions and organisations that represent them – such as rural cooperatives, industrial groups and development agencies.

Social partners, and the organisations that represent them, play an active role in the coordination and implementation of initiatives and programmes. For example, the Heraklion Chamber of Commerce, which represents 10,000 enterprises, is responsible for the implementation of the operational programme ‘Competitiveness’ of the Ministry of Development; in 2003, it also participated in the creation of the Centre for Enterprise and Technology Development, to help offer personal support to enterprises in Crete. The Hotel Association of the prefecture of Heraklion also participates in partnerships that address the capacity-building needs of workers in the hotel sector.

Examples of initiatives where employers, or representative organisations and trade unions participate include:

- the community initiative, EQUAL, which aims to develop social economy in Crete; partners include the Greek Association of New Entrepreneurs of Crete, the Labour Institute, the Greek Workers Union, and the Work Centre of Rethimnon. These partners provide a link to problems facing the labour market;

- the ‘Equality’ programme of the General Secretariat of Equality, which is implemented by the Heraklion Development Agency; partners include the Association of Women Entrepreneurs in Crete.

The participation and contribution of social partners, in the implementation of programmes in Crete, is considered very important; this is largely due to the fact that employers have a very good knowledge of labour market conditions, while trade unions have a thorough knowledge of the labour force’s needs, including capacity-building, in order to adapt to a changing market. The participation of social partners in programmes, initiatives or actions that aim to reduce unemployment is therefore considered necessary.

Main areas of policy impact

- Impact on employment, through, for example, the creation of sustainable micro-enterprises, under the LSC pilot project; or the creation of social enterprises and a support structure for the social economy, under the EQUAL project, where both disadvantaged groups and enterprises benefit. There is also an indirect impact on employment, as a result of improved employability through capacity-building, such as training centres and LSC projects.

- Impact on social inclusion, as seen in the integration of disadvantaged groups in capacity-building, in social cohesion and in employment actions – especially with rural women, young people and immigrants. This was also seen in the development of trust between actors involved in the LSC project, EQUAL, and in other interventions implemented through partnerships. This increased trust also forms the basis for further cooperation and social capital creation. Many partners cooperate in subsequent programmes and have learned to mobilise other actors.
Impact on the role and capacity of non-public organisations, for example, the LSC project, illustrated that NGOs can successfully obtain funds and implement large scale programmes. The intermediary body of the LSC project was the central point for receiving and administering European funds, and it proved to be both effective and efficient in doing so. This improved capacity acted, in many cases, as a ‘swing-board’ towards further funding. For example, LSC cooperatives obtained national funding, and cooperation between a training centre and NGO was successful in obtaining more funding; this in turn combined capacity-building with addressing people with special needs.

Thus the role of NGOs has acquired greater importance in programme implementation.

The impact described above is visible mainly at local and sub-regional level, and is based on the fact that most of the programme initiatives are carried out through partnerships and networks that support social capital. Some networks have managed to expand, but real cooperation takes place more at the local and sub-regional level. Of course, the outcomes can be aggregated up to regional level, but the implementation approach has been highly local and sub-regional; regional level programmes, for example, are implemented through sub-regional partnerships.

**Links between social capital and regional development**

As seen above, social capital has an impact on employment and social inclusion, as well as on capacity-building and further networking, but mainly at local and sub-regional level. How can it then be deduced that social capital is relevant for regional development, except by theoretically aggregating results? The interventions and initiatives described above have produced results, that go beyond the creation of enterprises (employment), and the integration of disadvantaged groups in social cohesion actions (social inclusion). Although the empirical work cannot demonstrate a clear link between social capital and regional development, the results indicate a strong potential.

Creation of clusters that take advantage of opportunities beyond the local level: for example, clusters of women’s cooperatives contribute to improved competitiveness of local products, by marketing, promotion, shared capacity-building, etc. There is also better use of available policies through clusters; for example, women’s cooperatives benefit from capacity-building programmes, and advice and support on equal opportunities. There are clusters of enterprise with varying success, such as small supermarkets. Failures are generally due to differences in culture and lack of capacity to face competition. Where clusters have worked, the use of common mechanisms and tools has helped reduce costs.

Promotion of sustainable cooperation such as formalisation of cooperation networks: consequently, the LSC project helped establish the ‘Koinopolitia’ NGO, which now implements programmes or expansion of networks so the Heraklion Development Agency strengthened and developed further links with other organisations.

Development of common approaches, including transfer of knowledge and expertise (e.g. between support centres for the unemployed, in the context of the “equal opportunities” action; between an NGO for children with special needs and a training centre; or between the development agency and NGOs). At institutional level, there is increased awareness of each other’s needs, methodological
approaches and targets; a good example is a training centre and an NGO for children with special needs, which may not have worked together in the past. Institutions learn from each other and help each other in their distinct fields of action.

*Creation of social infrastructure* in the whole region; an example of this is the EQUAL project, which plays an important role in driving potential change in social and employment policy for the region.

**Drivers for regional social capital**

Given the broad reference within the literature to conditions conducive to social capital development it has been decided to concentrate on three key requirements and, in the case of Crete, on the extent to which these have been fulfilled.

*Interaction of actors*, whose primary objective is cooperation for the common interest, and whose rules, explicit or implicit, are consensual. Elements of this condition in Crete include:

- good coordination between institutions and actors avoiding competition for funds;
- good representation of target groups in partnership structures;
- the personality and capacity of the people involved, in policy development and advice. An example of an institution with a strong capacity is the Heraklion Development Agency. An example of individuals with leadership qualities, which facilitate the mobilisation of actors and enable the development of cooperation, is the manager of an NGO for children with special needs;
- cooperation of private sectors with public authorities is less evident, due to limited trust in public authorities;
- new forms of solidarity, reducing 'social racism'.

*The principle of trust*, on which behaviour is based, and which dictates individual action, can produce a collective result. Elements of this condition in Crete include:

- clear, shared roles and responsibilities between partners that facilitate the development of trust;
- in partnerships, the contribution by each actor of their capacity and knowledge for the common benefit.

*The existence of an institutional structure* that facilitates and encourages joint action and provides instruments and incentives for building trust in Crete is weak. It is insufficient to have just a few intermediary organisations that make contact between target groups and higher level institutions possible. Actors must recognise the importance of an institutional structure that works in a cohesive manner. Suggestions to make this feasible include the:

- development of relevant and supportive institutional and legal frameworks;
- provision of instruments, such as needs assessment, through social dialogue, financial support and incentives;
- development of good support mechanisms, for example, regional administration for policymaking, and the development agency for implementation support;
Regional social capital in Europe

- responsibility of the State for education and social issues;
- public sector use of its networks and mechanisms for wide dissemination of information.

Other conditions considered necessary are related to capacity, awareness and planning. Experience is not enough, if organisations do not have the capacity for its transfer. Recognising that problems are common is the first step towards increasing awareness and subsequently designing joint action. However, there is a cultural barrier, which means that Greek society is not very aware or sensitive to social dialogue, and to the role and needs of disadvantaged groups. The development of action plans, including methods, tools and processes, should incorporate awareness-raising.
Ireland and Northern Ireland: The border region

Context

This case study relates to the Ireland, Northern Ireland (IRL/NI) border region. It was chosen as a cross-border area, where there has been a concentration of EU funding and initiatives. Funding includes the Peace Programme (from 1995), which has involved support for various forms of social capital development, and Interreg, in support of cross-border development. The IRL/NI border region was also chosen because it offers examples of new forms of identity and social capital, arising from efforts to resolve the conflict problem between divided communities.

The IRL/NI border region comprises all of Northern Ireland (six counties) and the six counties in the Republic of Ireland, with which it shares a border – i.e. Donegal, Sligo, Leitrim, Cavan, Monaghan and Louth. Although the region is largely rural, there are a number of main urban centres: they are Belfast and Newry-Dundalk, in the expanding eastern part of the region, and Derry-Donegal in the west of the region. The region is regarded as being relatively homogeneous. However, there are internal differences within rural areas, along the western coastal strip and in the mid-counties of the border region, which suffer from lack of development and relative poverty.

The IRL/NI region has a number of development problems. These include its peripherality and remoteness from major European markets, and its vulnerability to shifts in trade, arising from the small size and open nature of the parent economies (IRL and NI). Structural economic weaknesses of the region include:

- a decline in traditional manufacturing employment in NI, and lack of a diversified economic base in the rural counties of the IRL/NI border region;
- a regional trade deficit;
- relatively lower educational levels;
- skills deficiencies and emigration in the southern border counties.

Lack of development over many years, as well as a history of conflict, have made it difficult to attract inward investment and to develop tourism. Twenty-five years of terrorist violence in Northern Ireland severely affected the border region in terms of lives lost, economic cost and the social implications of difficulties between communities. While unemployment has fallen in both Northern Ireland and the border region of Ireland over the last decade, economic weaknesses are reflected in the relatively high unemployment rates, particularly in long-term under-employment rates and in relatively low female participation rates. In 2000, for example, unemployment claims in Northern Ireland were 5.7%, compared with 4% in the UK, and there was a high proportion of long-term unemployment (30.3%, a full 7% higher than the next highest region in the UK). In the border region of Ireland, unemployment rates were 7.2% (International Labour Organisation (ILO) rate), compared with 5.7% for Ireland as a whole, while participation rates were 57.8%, compared with 61.3% for Ireland as a whole (2002).

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Source: various quoted in Building on peace: supporting peace and reconciliation after 2006, ADM/CPA. September 2003
Concept and relevance of social capital for policy

Social capital is broadly perceived as values, networks and trust. Some actors such as Cooperation Ireland, the Area Development Management/Combat Poverty (ADM/CPA) cooperation, and the Community Foundation for Northern Ireland focus particularly on the importance of values, equality, human rights, acceptance of diversity, and a shared vision for society. Networks are important, but not all organisations and communities are linked into such networks. Trust is important but it should not be ‘mixed up with’ identification with one community; neither is trust an absolute necessity for relationships that work across the community divide. For instance, it is not crucial to be ‘friends’, to find practical ways of working together for a common good.

The concept of social capital is relevant for policy in the field of social inclusion, including local and community development. Community development has been a very important element of the approach to social inclusion in both Ireland and Northern Ireland.

The concept is of practical relevance, in the way it tries to better understand the notion of employability and pathways and progression to employment in the ESF. There is a view among those consulted, that the employability model of the ESF has not worked well, due to an over-emphasis on ‘hard’ outcomes, like qualifications and jobs. Some of the most disadvantaged target groups are too distant from the labour market to fit in with the ‘hard’ progression routes reflected in indicators; others have the qualifications, but may be insular, lacking in personal skills, or unable to network. Using the concept of social capital helps to measure ‘soft’ outcomes and facilitate better understanding of the different aspects of employability, such as:

- outcomes of early outreach work;
- need to build links between people;
- identifying opportunities;
- engagement in some types of activity;
- access to the labour market support system.

Social capital also draws attention to equality, as part of the value system. Equality is an important dimension of employment policy – not just in terms of equal opportunities between men and women – but also for the broader agenda of equality in society. Where inequalities are greater, poverty is a more serious problem in society, resulting in exclusion. It also places a focus on the issue of accessibility of services, and how to improve equality of access.

The concept of social capital creates a focus on the causes of exclusion – particularly, on the wider global forces, economic shifts in production, and values associated with multi-national enterprises, which are affecting people in their localities. The most disadvantaged communities are very far removed from having any influence on these factors.

Social capital is also relevant to enterprise-related activities. For instance, it reflects the development of community-based cooperative enterprises in Gaeltacht areas in the west of Ireland – within the border, midland and west region (NUTS II Objective 1 region IRL) – and is relevant to the development of the social economy.

In the IRL/NI border region, the concept of social capital is particularly helpful in understanding the process of peace-building, for a region coming out of inter-community conflict. It helps to
establish a clearer framework for peace-building. In particular, it highlights the importance of building confidence in communities that have been worst affected by the conflict, and in showing them that there are benefits arising from the peace process. However, it is inappropriate to focus merely on building a strong community (bonding), because this will only reinforce the divisions in society. The concept of social capital, instead, focuses on the need to expand linkages to include those outside the homogeneous groups and communities, and to embrace diversity (bridging), thus helping to create a vision of the type of society they want to move towards. Building up linkages between people and institutions is also crucial, in helping to develop a civil society and in improving access. The concept of social capital generally helps to raise consciousness of the work that needs to be done, using dimensions of bonding, bridging and linking, for the effective social inclusion of people, communities and peace-building.

Use of social capital

There are different views and perspectives on social capital as a means rather than an end. Generally, it is seen as a means. One view is that social capital is a concept – not a policy tool in its own right, but a helpful way of understanding communities and policy processes in the IRL/NI border region. Community development is seen as the main mechanism that uses the concept of social capital. There is circularity in the sense that community development helps build social capital and is an indicator of its existence.

There is the view that while the process is important, it is also crucial to be explicit about what one's goals are for society – i.e. a shared vision amongst the divided communities in a post-conflict Northern Ireland. It is also important to have a shared understanding of the purpose of building social capital at different levels:

- for building a process of engagement in civil society;
- to encourage people into volunteering;
- to develop family support services, to help people become better parents.

These outcomes may or may not help individuals to get a job. One difficulty is that social capital, as a concept, can be applied to all sorts of issues – from developing the position of women in society, to promoting young people's involvement in voluntary activity and in developing leadership. It goes far beyond narrow labour market issues.

Applicability at local and regional level

In terms of spatial focus, a single level for social capital interventions cannot be identified. Different levels apply, depending on the need or objective, and for different types of policy interventions from:

- grass-roots access and inclusion of most marginalised groups;
- sub-regional such as local regeneration strategies;
- local service provision to regional and cross-border policy process;
- spatial planning;
- regional services planning and delivery;
- economic and trade development.
Practical experience from the IRL/NI region shows that social capital tends to be more applicable at local level – in community and local development, centred on local governance structures and strategies for regeneration, employment, inclusion, and services development. Application, in this way, establishes the need to focus on and build-up from the grass-roots level. However, by working with the different dimensions of social capital – bonding, bridging and linking – policy makers and practitioners’ use of the concept focuses attention on the need to build community connections outwards (bridging) and upwards (linkage). In Northern Ireland, there is now a strong focus on bridging between the divided communities, and on linking social capital up to the new institutions at the Northern Ireland Assembly and at cross-border. There is a view that it is inappropriate to support further bonding within communities, since it will serve to reinforce the strong divisions in this society, which are at the root of the inter-community conflict.

Regional level social capital is not considered to be well-developed in the cases examined in the IRL/NI region. The reasons relate to a lack of regional identity – people and communities do not think regionally, but rather in terms of narrow local and community interest. Regional structures have not developed fully and there is a degree of overlapping. For instance, in the Northern Ireland and IRL/NI cross-border context, there is a new set of institutions related to the political settlement between the Irish and UK governments, in relation to the Good Friday Agreement. This includes the establishment of a Northern Ireland Assembly – which was suspended for a prolonged period due to political difficulties related to decommissioning of arms – and six cross-border institutions that have been in existence for a relatively short time and that are not consolidated. With the suspension of the Northern Ireland Assembly, the North-South Ministerial body has been unable to function. The November 2003 assembly election, returned a set of representatives to the assembly, who are even more polarised in terms of community division.

In relation to the Irish part of the IRL/NI border region, the Border Midlands and West Regional Assembly is the relevant regional institution; this body was also established recently and linked to preparation for structural funding in the 2000–2006 period. However, the definition of the region extends beyond the border area itself. It is primarily an administrative region – the Objective 1 region of Ireland. These regional institutions have a technical and administrative function, vis-à-vis the implementation of the Objective 1 regional operational programme, rather than a policy and developmental function. There is no inherent sense of identity with this definition of region.

Benefits of social capital

It is difficult to be explicit about the benefits of social capital, since it has not been applied as a tool. Beneficial effects are considered to start with building community spirit and the social support that flows from that. The concept of social capital creates a greater focus on quality of life indicators, which, in turn, broaden perspectives on what makes a community a desirable place to live. Social capital indicators are being developed and used in Northern Ireland, to measure outcomes of regeneration and inclusion initiatives, as in the Peace II Programme.

Focusing on social capital, capacity-building NGOs and partnership benefits relate to:

- a capacity to engage – in both Northern Ireland and the IRL/NI border region, there is a strong view that the capacity of communities to engage in self-help initiatives and local projects,
particularly in the field of social inclusion and local development, has increased substantially, especially as an outcome of the Peace Programme (Peace I, 1995–99, Peace II, 2000–2006);

- **representation in partnerships** – local communities and the voluntary sector are accepted in the local partnerships and development structures established;

- **inclusiveness** – structures and organisations, while not perfect, tend to be more inclusive. There is now much more consultation with communities on policy initiatives, at local and regional level, across the board. There is also greater awareness of the need to be more inclusive;

- **scaling-up cooperation** – there has also been a process of scaling-up and working together, as a result of capacity-building, and in addition to a response to changes in the funding regimes and criteria. For instance, while Peace I mobilised large numbers of the community and voluntary groups to engage in community and social initiatives, the trend in Peace II has been to scale-up, by working with and supporting large players and becoming more focused on economic action. Local authorities are now working together, and with other partners, on cross-border cooperation in local economic development, like the three cross-border local authority-led networks, which are the implementing partners in Interreg III.

**Dimensions of social capital**

In the IRL/NI border region, the dimensions of bonding, bridging and linking are considered to be particularly appropriate and are applied in decision-making and analysis of policy interventions. For example, in the context of the Peace Programme, the focus is now on bridging and linking social capital. Interventions focused on bonding are not considered appropriate by most NGO funding agencies, because they reinforce division.

There is evidence of strong bonding based on the religious divide – communities are still polarised and residential patterns remain highly segregated. Over the years of ‘the troubles’ (from 1969) there has been a strong movement of people and families, away from mixed and into co-religious communities. Movement of Catholic families out of troubled mixed communities has resulted in displaced families and people, particularly in border towns in the south, and has changed the social balance in those communities. As a result, there is strong identity with the co-religious community, but the spatial identity tends to be with the home area that has been left behind. As residential areas in Northern Ireland experienced a greater influx of Catholics, Protestants tended to leave. In middle class areas, mixed communities are more acceptable but, as indicated above, middle class communities are much less active when it comes to community-based action.

Working class, as well as socially and economically disadvantaged communities, have strong bonding, but this has been oriented towards reinforcing divisions and strong animosities between communities. This form of social capital has been negative. NGOs managing measures under the Peace Programme are opposed to funding more bonding activities.

The general view is that the effects of bridging social capital are now beginning to show, after many years of trying to build links via community relations policies and reconciliation initiatives.

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4 For instance, see publications Taking ‘calculated’ risks for Peace II, June 2002; and ADM/CPA. Building on peace: supporting peace and reconciliation after 2006, September 2003.
Improved community relations and reconciliation have been cross-cutting elements of EU-supported regeneration initiatives in Northern Ireland since the early 1990s. It has taken a long time and the process is far from complete. Much of the ‘single identity’ work (bonding) was supported in the past (including in Peace I, 1995–2000), to help build the capacity of the separate communities. From Peace I to Peace II, however, the reconciliation dimension has been strengthened and support is no longer available for ‘single-identity’ community-building initiatives. Instead, potential projects must show a community reconciliation dimension or some connection to healing divisions, relating to inter-community conflict. There are communities with a strong pattern of active people working together – e.g. Castleblaney and Clones in Co. Monaghan, and Fanad in Co. Donegal. Even very disadvantaged areas where there are difficulties in terms of community relations, like Strabane, are progressing. However, there is still a core of problematic spatial areas:

- mixed communities in North Belfast;
- some parts of the southern border counties where there has been little take-up of grants available;
- enclaves of traditional Protestant communities on both sides of the border;
- certain interest-based groups that are less engaged – e.g. young people, travellers and ethnic minorities.

In terms of the mechanisms of bridging social capital, there are large numbers of voluntary and community groups in Northern Ireland. There has been a strong growth in networks. For instance, the umbrella organisation of the voluntary sector in Northern Ireland – the Northern Ireland Council for Voluntary Action (NICVA) – has 96 networks on its database. Types of networks include:

- issue-based networks – mainly disabled groups, women’s groups, childcare networks;
- district and sub-regional networks – such as a confederation of community groups in a specific area (e.g. Newry; Falls Road Community Council; Shankhill Road Community Council);
- rural support networks – (10) operating with central support from the Rural Community Network (RCN), an umbrella and service provision structure for rural community networks in Northern Ireland;
- neighbourhood-based groups – smaller and not generally well-resourced;
- similar types of networks in the southern border region – some are cross-border, such as childcare networks; also include umbrella structures, focused on regeneration of local areas (Clones Regeneration Partnership).

**Linking:** There is also a much stronger presence now, north and south of the border, of linkage institutions of local governance; these include local partnership companies (IRL), LEADER Groups (IRL and NI), local strategic partnerships (NI), local authority-led task forces (IRL), and strategic policy committees (consultative sub-committees of local authorities in IRL). These structures (north and south) involve local community representation, in the context of social partnership, and provide opportunities for different sectors to work together.

Generally, there is now a proliferation of structures in terms of intermediary organisations, which can be regarded as mechanisms of bridging (horizontal cooperation: community groups, local and
sub-regional networks) and linking (vertical links into policy processes and government). These include: LEADER groups (IRL and NI); local partnership companies (IRL); local strategic partnerships in local authority areas in Northern Ireland; county council-led task forces in the southern border region (IRL); county development boards, integrating local authority and local development structures in IRL; the Rural Community Network (RCN) in Northern Ireland; rural support networks at sub-regional level in Northern Ireland; and three local authority-led networks, which are the cross-border local implementation partners in Interreg III.

There is also a group of strong NGO bodies, charged with implementing a significant proportion of the funding under the Peace Programme (I and II). These include the Community Foundation for Northern Ireland (CFNI), Cooperation Ireland (cross-border), the RCN, and the ADM/CPA cooperation in the six border counties of IRL. The strong central NGOs have established partnerships and fora for working together; for example, Cooperation Ireland works with a Funders Forum across various policy initiatives, including Interreg III. An important objective of this group (informal) is to coordinate funding frameworks and to facilitate the bringing of best practices into policy. In this way, central NGOs play a key role in developing vertical links, through a scaling-up function of the NGO sector, vis-à-vis other sectors and government.

Again, although the structures and consultation processes are in place, the process itself is incomplete. A view expressed by many is that grass-root communities consider themselves to be remote from policy development structures.

**Policy implications**

Although social capital is used as a tool, until recently, this term has not been used specifically. Now the concept is being used for analysing types of policy intervention (bonding, bridging and linking), in the context of the Peace Programme, and in defining types of outcomes – such as ‘soft’ outcomes of employability-related actions and pathways – as well as quality of life indicators in local communities.

There is support for the capacity-building of community organisations:

(i) support oriented to scaling-up, to create stronger community organisations and partnerships, capable of developing strategies and implementing larger-scale actions, in the field of economic development;

(ii) support for the weaker communities, which have failed to mobilise even after the capacity-building/social/community support available to date. However, those organisations consulted, indicated that there is still insufficient support available, to build capacity in the most problematic and weak communities. The assumption in policy – reflecting differences from Peace I to Peace II – is that capacity has been built over the previous generation of programmes, and is now sufficiently developed for local communities to initiate and implement larger-scale and complex regeneration projects.

There has also been a strong effort to consult with communities on policy issues, such as spatial planning, particularly in Northern Ireland – so much so that there is now a sense of consultation fatigue and a degree of criticism over the lack of feedback subsequent to consultation exercises.
Generally, in Northern Ireland there is a strong infrastructure in place within government that provides experience and capacity, in terms of funding programmes, skills, knowledge etc, to support voluntary activity and community development, and for regional NGOs. For example, there is government support for the development of voluntary activity and NGOs in the field of inclusion, health, childcare, education and social regeneration in the form of the voluntary activity units within the Department for Social Development. At local level, authorities are developing community support plans, with funding support from central government, to supplement their own budgets. These provide support to services, such as citizen advice bureaux, community councils, services, and community development.

There are mainstream interventions in Northern Ireland, including social investment from the EU structural funds package, Building Sustainable Prosperity. These include new initiatives in life-long learning, under the UK government’s University for Industry Initiative. They involve the creation of hubs and out-learning centres in local communities to improve access to training and learning initiatives. They also have long-standing initiatives, such as ‘Making Belfast Work’ from the Belfast Regeneration Office (BRO). This model involves the identification of specific amounts of funding for particular purposes by the Department for Social Development and the community and voluntary sectors, which are working in partnership with government departments to bid for funding projects fitting this criterion.

In the field of cross-border development, local implementation networks operating across border sub-regions – such as partnerships led by local authorities under Interreg III – are also regarded as being innovative. Support is provided for:

- strategic planning and local development approaches across the border. These measures are implemented by local authority-led cross-border networks;
- promotion of social and community cohesion, including support for network development at grass-roots level, under the quality of life priority, introduced in Interreg III; this is expected to have an impact on the population of the border region, with regard to service development and delivery, health and well-being.

Other innovative approaches include:

- the establishment of a voluntary activity unit (Northern Ireland), within the Department for Social Development, to promote and support the role of the voluntary and community sector;
- model operations, including partnerships between government departments and the voluntary and community sector, in the delivering interventions such as: the BRO and life-long learning;
- in the southern border region, the delivery of the Peace Programme by the NGOs. This is a regional structure, involving partnership with direct links to central government.

**Specific policy approaches found in interventions and initiatives**

In all interventions and initiatives in Ireland and Northern Ireland, there is strong emphasis on policy approaches related to partnership, governance and promotion of employment.
Partnership: Social partnership at local level is a distinctive characteristic, reflected in the local strategic partnerships in Northern Ireland, in local partnership companies in Ireland, as well as in other structures, such as cross-border, local authority-led networks at sub-regional level. There has been a proliferation of partnership structures over a relatively short period. Social partnership is not perfect, and there are issues with representation, accountability and time constraints, as a result of numerous partnerships with the same players.

There are different patterns of partnership. For example, NGOs, acting as intermediary financing bodies under the Peace Programme, work in partnership with each other in the delivery of certain measures:

- ADM/CPA and the Community Foundation for Northern Ireland work together in delivering measures to promote active citizenship, namely through developing weak community infrastructure, reconciliation of victims, including pathways to inclusion, integration and reconciliation, and inclusion of target groups in the border region, under the Peace Programme;
- the Community Foundation for Northern Ireland, ADM/CPA and Cooperation Ireland work together to deliver cross-border cooperation measures, including joint approaches to social, education, training and human resource development; they are also involved in cross-border reconciliation and development.

NGOs work in partnership with the private sector; for example, Cooperation Ireland works with the representative bodies of businesses and employers, namely the Confederation of British Industry (CBI) and Irish Business and Employer’s Confederation (IBEC) and Inter-Trade Ireland – a body that promotes cross-border trade. NGOs have also forged partnerships with projects; for example, the RCN, a regional NGO, runs a support programme for rural housing estates, while Cooperation Ireland works directly with a number of loyalist communities in Belfast who have previously been unable to develop and support small-scale initiatives to promote reconciliation.

Governance: is also an important element of the approach. A distinctive element of both Peace Programmes has been the creation and support of new forms of local governance via decentralised delivery mechanisms, including district partnerships and, at a later stage, local strategic partnerships in Northern Ireland, county council-led task forces in the southern border region, and NGOs acting as intermediary financing bodies. Development of governance – information, dialogue, consultation – vis-à-vis the individual citizen – is supported explicitly in Peace II in its active citizenship measure, as well as in the local development priority of Interreg III.

Governance aspects – including reaching individual citizens – are considered to be crucial to embedding the peace process. Cooperation between citizens and people across the border is fundamental to the success of Interreg. There is a view that the governance approach, such as community organisation, consultation and partnership, has brought in a new layer of players to the system. However, there are also concerns, particularly in Northern Ireland, that there is now an excess of local governance structures and a need for rationalisation for both effectiveness and efficiency.

Focusing specifically on the voluntary NGO sector, there is now a well-developed infrastructure, which is longer in existence and more extensive in Northern Ireland than in the south, and which has been developing in the border region over the last 10 years. Civil society has been developed
at the level of community and voluntary groups, and participation of the latter has increased in partnerships. The evidence from the Peace Programme is that: ‘it has brought civil society organisations into the delivery process and catalysed a much higher level of participation by ordinary citizens’. One consultee described community organisations as ‘gatekeepers’ that provide the structures to facilitate citizen involvement. There are weaknesses in the development of mechanisms that engage with individual citizens and families. There are also weaknesses in the fact that some communities and target groups are not involved. Important priorities include the building up of community organisation and participation, where it has not already occurred, and the building up of new sources of community leadership, where it remains relatively narrow.

In Northern Ireland, governance has traditionally focused on strong partnership between NGOs and central government departments and agencies. The regional NGO sector was very influential in policy in Northern Ireland during the years of the political vacuum, particularly, in weaker local authorities.

Like partnership, there is also considered to be a proliferation of networks in some areas, such as Omagh in Northern Ireland, where there are a number of networks operating in the same district (e.g. rural, women’s, urban), with some overlaps in composition and services. It is likely that rationalisation will begin to happen when there is less funding available to support all of these operations, thus resulting in rationalisation of both funding and of structures.

**Promotion of employment:** Policy has evolved to place a stronger emphasis on economic employment policy. The employability model of the EES places a strong emphasis on ‘hard’ employability outcomes, such as qualifications and jobs; in Peace II, there is a much stronger emphasis on economic development rather than social outcomes – the latter was strong in Peace I. For instance, in Peace II, economic renewal accounts for more than half of the budget, while social inclusion accounts for one-quarter. The local development priority of Interreg III strongly focuses on economic action and LEADER+ has a narrow and specific focus on enterprise development. International Fund for Ireland (IFI) programmes are also considered to have put a much stronger emphasis on economic development. Some argue that the balance has shifted too far in the economic direction. In this regard, it is argued that the problem is not predominantly an economic one, but rather social and cultural, and that these factors are regarded as key impediments to positive change.

**Role of local and regional actors**

Local actors, such as community groups and local authority or local authority-led structures carry out, or facilitate, policy implementation through:

(i) development of local strategies, such as local strategic partnerships in Northern Ireland; county council-led task forces in the south that oversee local regeneration strategies and action, in the context of the Peace II programme;

(ii) the provision of support services and/or small grant programmes, administered by county development boards, county enterprise boards, local partnership companies in the south, and

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LEADER groups, north and south. The three local authority-led networks under Interreg are also engaged in the management and delivery of a set of cross-border measures.

Local actors are considered to have a limited role in policy development. An explanatory factor is that the vertical linkages are not well-developed. At the same time, regional NGOs aim to bring best practice from local and grass-roots level into policy. While the Peace Programme, in particular, has developed the capacity for small local organisations to develop and deliver projects, and some larger players have emerged, the base of local implementation agents remains relatively narrow; also, some areas do not have a strong presence of organisations capable of policy delivery. These areas include:

- parts of the southern border region, where there is very low take-up of assistance;
- isolated Protestant communities;
- disadvantaged pockets in urban areas, particularly Protestant communities.

There is criticism that policy interventions have produced large numbers of ‘brokerage organisations’, with overlaps in services, target groups and spatial areas covered.

Regional actors, in particular NGOs, are important delivery agencies of government policy. They deliver a significant proportion of the funding available under the Peace Programme, via grants and support services to project promoters. A new cross-border regional institution – the Special EU Programmes Body (SEUPB) – was set up under the terms of the Good Friday Agreement, to manage EU programmes with a cross-border dimension, acting as the managing authority of Peace II and Interreg III. The SEUPB has both a developmental role in the border region and an administrative and management function, vis-à-vis EU programmes. The NGOs have been traditionally influential in policy development and this is an important objective. However, excessive bureaucracy, present in the management of programmes, is such that sufficient resources are not available for developmental work in the communities. In some cases, experienced workers have become managers of programmes and now work on administration rather than development.

Furthermore, in the BMW region in Ireland (Objective 1), the BMW Regional Assembly and executive was created to act as the managing authority of the regional operational programme, under the N DP, 2000–2006. While this structure seeks to influence national policy, by highlighting issues of concern for the region and ensuring that national policies take the regional dimension into account, most policy is implemented through the support of local organisations, under programmes managed by central government departments. Thus, there is no regional layer of institutions engaged in policy development and implementation in the border region.

Role of the social partners

The social partners are formally involved in the structures for overseeing EU programmes, such as the monitoring committees in the regional operational programme in the BMW region, Interreg III and Peace II. In Ireland, the four pillars of the social partners – business, trade unions, farming, the voluntary and community sector – are part of the arrangements for EU programme monitoring. The social partners are also formally involved in local governance structures, in the form of north, south and cross-border local partnerships. The cross-border network, the Irish Central Border Area
Network (ICBAN), is led by local authorities. The broader partnership structure involves social partner membership; two social partner members from each of the 10 local authority areas are included in ICBAN. Involvement in programme and governance structures is the key mechanism for social partner contribution to development strategies. The involvement of the social partners, businesses and trade unions, has been a more recent phenomenon and is, generally, less developed in Northern Ireland than in Ireland.

The social partners contribute to the development of initiatives and their implementation, with activity generally focused on training, employment, and business development. Trade union organisations, north and south, have played an active role in initiatives for unemployed people and for other target groups, such as young people, through their network of centres for the unemployed and women's trade union members. The cross-border elements of Peace II have attracted many applications from centres for the unemployed and trade union groups in border areas like Louth, Drogheda, Sligo, Enniskillen and Armagh. Activities include:

- training for trade union members on a cross-border basis;
- seminars for women members, to facilitate a response to discussions on the draft Bill of Rights (small grant);
- a large-scale project, supported under Peace II and promoted by the Northern Ireland Trade Union Social and Educational Centre, to develop a cross-border, ICT-based, cooperation network, to improve cross-border mobility, with particular focus on improving access to training and employment opportunities for marginalised groups in both urban and rural communities;
- engagement with young people in the restoration of a ‘round tower’ in Flanders, linked to participation of Irish people in World War II commemorations.

Engagement with business sector employers takes the form of:

- direct business-to-business cooperation;
- networks;
- work with intermediary organisations, including public and semi-public local enterprise centres, the local enterprise development unit in Northern Ireland, and Údarás na Gaeltachta in the south;
- national enterprise agencies and trade development bodies like Inter-Trade Ireland;
- employer organisations (IBEC, IRL/CBI, NI) and other business sector bodies such as Business in the Community, and Chambers of Commerce.

**Impact of social capital on beneficiaries**

There are various types of impact, in the case of Ireland/Northern Ireland. The Peace Programme, with a policy-integrating social capital, has been successful in bringing more people into a development process at local level. This has broadened the base of participation, as well as having
a positive impact on social inclusion. A study commissioned by intermediary financing bodies in 1998\(^6\) showed that:

(i) in a sample of 245 projects, in which 92,000 people participated, 90% reported some positive outcomes, such as improved confidence and less alienation, from the activities promoted;

(ii) some 25,000 people availed of advice and guidance in relation to benefit and welfare issues, and 90% of those reported as benefiting from improved access to opportunities;

(iii) 56,000 people were involved in projects that availed of services already available, such as health, education, recreation, and social services;

(iv) smaller numbers participated in vocational training with accreditation (6,000), and less-formal training activities (11,000); both groups reported high levels of positive outcomes;

(v) a smaller number again reported direct access to employment (1,200) and to indirect employment (1,800).

The mid-term evaluation of Peace I showed a particularly strong impact on social inclusion. Of projects surveyed, 99% claimed their project would have a positive impact on inclusion. Another impact of the Peace Programme has been the empowerment of NGOs at regional level, working with government on programme delivery and policy development. Networking has also helped to build new elements of regional identity, working across the border in areas where there was previously little contact.

Benefits that can be attributed to partnership and cooperation include:

- broadening horizons in public bodies – for example, it has broadened the understanding of social inclusion in the southern border region; it has also broadened service provision, such as social facilities, youth initiatives and childcare, in communities;
- greater openness in policy development and implementation through consultation.

**Links between social capital and regional development**

The effects of social capital interventions are more notable at local level in terms of:

- improved access to services – such as benefit, welfare and education – and better opportunities for communities and disadvantaged target groups;
- creation of new services, such as training and childcare, in communities;
- improvement and strengthening of the strategic approach to sub-regional, cross-border and local economic development, and to social inclusion.

These types of outcomes can be aggregated at regional level but the approach to delivery has been highly localised, for example, working with grass-roots organisations.

A number of elements that provide links between social capital and regional development can be distinguished. They include:

- creation of networks that scale-up localised activities to regional level;

partnerships within sectors – for example NGOs working together – and across sectors, such as public, private and NGOs, in order to agree on strategy and to accelerate development efforts;

activities to create fora for participation, at both regional, and cross-border levels, in relation to policy development;

efforts to change attitudes and create a sense of shared identity, as well as a vision of what type of society is desirable in the future; an example is the Government's consultation process in Northern Ireland on 'A Shared Future', 2003;

more contact between people in general, for example, across borders and communities, to facilitate a process of finding common interests, needs, and opportunities.

**Drivers for regional social capital**

Given broad reference in the literature to conditions conducive to social capital development, concentration on three key requirements, and the extent to which they were fulfilled, was relevant in the case of Ireland and Northern Ireland.

*Interaction of actors* – where the primary objective is cooperation for the common interest, and where the rules are consensual, regardless of whether they are explicit or implicit. Necessary conditions in this case include:

- priority given to strengthening bridging social capital: e.g. promoting links between divided communities rather than supporting single community bonding; scaling up organisations to create umbrella or partnership structures, which have the capacity to develop and implement larger scale regeneration actions;

- strengthening vertical links from the grass-roots upwards, in addition to horizontal links between fragmented groups and divided communities.

In order to improve interaction among actors, the following conditions have to be fulfilled:

- focus is needed, to improve the quality of cooperation at different levels, and to strengthen vertical links;

- improving the quality of working relations, in addition to building organisations and structures, is an important part of social capital building. This applies to the public and business sector as well as to the NGOs; capacity-building should not only relate to the latter;

- for the institutional links and partnership to work better, each sector needs to be well-developed in its own right. Particular issues include the strengthening of partnership skills and accountability of the sector represented, and viewing the partnership as an entity;

- with the recent development of new institutions at regional level (Northern Ireland) and of cross-border institutions, under the political settlement for Northern Ireland, it is now important to develop links from the grass-roots level up to the political institutions.

*The principle of trust*, on which norms and behaviour are based, dictates that individual action in the present can be expected to produce a collective result in the future. Elements of this condition in the IRL/NI border region include:
- sharing attitudes related to equality, human rights, acceptance of diversity and social inclusion;
- common identity and elements of a shared value system.

Existence of an institutional structure, which facilitates and encourages joint action and provides instruments and incentives. There is a need in the IRL/NI border region for some rationalisation of structures, to improve efficiency and to allow time for input to partnership, as well as reducing the need for engagement in similar arrangements. However, there are many good examples of efforts to build on existing institutions, which ‘work’ well, and further develop a supportive institutional structure.

The approach in the Peace Programme involved an element of continuity with pre-existing initiatives. In Northern Ireland, for instance, there had been a strong emphasis, historically, on support for community development from government departments, like the Department of Health and Social Services; this was reflected in the creation of the Voluntary Activity Unit, in support of the sector, in 1993 and in a strong NGO sector at regional level, from the late 1980’s. These, in turn, filled a vacuum left by weak local government structures in Northern Ireland, until at least the early 1990’s, when they began to get new powers and funds, to engage in local development.

Key regional NGOs in the field of social inclusion, employment and local development included the Northern Ireland Voluntary Trust (NIVT), now the Community Foundation for Northern Ireland (CFNI), Cooperation North (now Cooperation Ireland), the Rural Development Council (RDC), and the Rural Community Network (RCN).

The creation of local development partnerships in the early 1990s was supported by EU Structural Funds, pre-dating Peace (mainstream SPD, NI and CSF, IRL) and Community Initiatives like LEADER, and in the context of Peace.

In the southern border region (IRL), local intermediary structures were put in place, from the top down, as part of policy initiatives in the field of local development from the late 1980’s; an example of this was LEADER in the early 1990’s, and at a later stage, local partnership companies, which were first established as a set of 12 pilots in Ireland in 1989/1990. These structures were set up at a later stage, compared to other parts of Ireland, in the border region, as a result of lack of capacity.

Another condition that is considered necessary for social capital to be available, and to contribute to employment and social inclusion, is related to programme design, more specifically:
- the reduction of excessive bureaucracy, which absorbs enormous resources in administration and management, and which leaves inadequate resources available for developmental work;
- increased social and less ‘hard’ economic focus in the ESF employability model and in programmes in general;
- greater scope and flexibility in programmes, to work with difficult groups and in more disadvantaged areas;
- inclusion in the programme design, of implementation efforts and new mechanisms, to engage with citizens and civil society more effectively and on a wider scale.
Context
The region of Hainaut Occidental was chosen as a former Objective 1 area (1994–1999 programming period; currently involved in the ‘phasing out’ process).

Hainaut Occidental (East) is a region in the southwest of Wallonnie in Belgium, which borders with France. The employment zone is part of a previous Objective 1 zone, and has 320,000 inhabitants (density of 240 per sq km). Its economy, which was based on manufacturing, is now more services-based. The region has experienced a strong fall in industrial activities, such as food, textiles, chemicals, editing and graphics – which now account for only 21% of the total of all wage earners; on the other hand, there has been a substantial rise in services (72%), with 43% employed in education, health and public administration, and 28% employed in commerce and other private services. The labour force participation rate is 66.8%, the employment rate, 57.5%, and the unemployment, 14% – of which 57% are women. Some 50% of the unemployed have been out of work for more than 2 years; the skills level of the labour force is also very low: 34% of unemployed people only have primary education level, and among this percentage, illiteracy is very high; 30% have a lower secondary education background (data from June 2001).

Concept of social capital and practical relevance
There is a lack of familiarity with the concept of social capital among the actors consulted. Yet, it covers concepts familiar to local and regional actors, like trust, cooperation, networks, social dialogue, partnership, favourable social environment, etc. The Sub-regional Committee for Employment and Training (CSEF) has concentrated its efforts, over the past 15 years, on promoting these concepts. Resources stemming from cooperation, networks, partnerships, etc, are considered fundamental to greater employment and social inclusion. Social capital, however, is regarded as being largely an outcome of actors’ behaviour, rather than of policies.

Constraints in endorsing the social capital concept is due to the attitude of politicians and public administrators, who are reluctant to accept innovation. They ignore or underestimate the key role of local partnership among local actors, as a springboard for promoting employment, entrepreneurship, local initiatives, community participation, voluntary actions, etc.

Networks, norms and trust that facilitate action for mutual benefit are perceived as key elements of social capital, but a question remains: how to help or support network and capacity-building? How to generate shared norms of behaviour and mutual trust through policy programmes or financial incentives? This seems to be beyond the capacity of public policy. In addition, identity and attachment of actors to their territory, possibly related to the border between France and the Flanders, are considered important aspects for social capital in the Hainaut region.

Use of social capital
Social resources are a means to achieving policy targets. However, promoting social capital should be a permanent and common objective for all partners of the CSEF, which comprises all relevant actors in the area. Social capital is considered mainly as a means to an end.

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7 Employment zones reflect a correlation between job location and home location.
Applicability of social capital at local and regional level

It is perceived that social capital depends on the proximity of actors. In the context of Hainaut Occidental, which is an employment zone, social capital can have local or sub-regional relevance.

The regional level is Wallonie, which serves political and administrative purposes for the coordination of policies and services. Social capital would have little relevance at this level, when the issues of employment and capacity-building are mainly pertinent at the local level of the employment zone.

Benefits of social capital

It is difficult to be explicit about the beneficial effects of social capital, since policy interventions do not explicitly use it as a tool. However, some benefits are acknowledged, for instance:

- developing common objectives and, more importantly, responding to common problems: for example, the threat of closure of a printing and editing company that provided employment to 800 people, was overturned thanks to the collective action of the CSEF;
- facilitating links between institutions and setting common norms and rules, through the development of relations between people or decision-makers that are based on trust, flexibility, common solutions and consensus.

Dimensions of social capital

There is little evidence of bonding in the area. Some indicators, like poor educational background, reveal an unfavourable climate to bonding relations.

There is, however, evidence of bridging, stemming from the strong associative tradition in the area. There is also a tradition of cooperation between social partners, much stronger than in the mining zone of Borrinage and in the rest of Wallonie. The population and actors in the area have a strong sense of identity and belonging. A good example of bridging links is the CSEF that involves horizontal cooperation of all local and sub-regional actors.

As a result of this traditional cooperation of local actors, horizontal institutional links are strong. Horizontal links are both causes and consequences of social capital. They allow active intervention on supply and demand in the labour market, although positive impacts have not been measured.

There are, however, weak links with politicians and public administration at regional and state level, where there is not always understanding or support for local actions. Therefore, there is a need to engage politicians and regional level institutions in cooperation networks, to increase their trust in local actors and to reduce the level of mistrust and suspicion that exists towards local initiatives and innovations.

Despite the weak links already mentioned, vertical links between the CSEF and regional government are well-developed, due to the proximity of regional government.
Policy implications

The CSEF has a main ‘brokerage’ function and works in close cooperation with the public employment service and with firms and employers. Another function is labour market observation, analysis and problem identification. The committee implements measures, in cooperation with other local stakeholders; for example, to reduce illiteracy (within an ‘Equal’ project) and to adjust supply and demand in the local labour market.

The traditional top-down approach in employment policy implementation has been substituted by decentralisation and ‘territorialisation’ of the public employment service (FOREM). The Wallonie regional government is still charged with policy development on employment, capacity-building and social inclusion, but implementation takes place through cooperation among local level actors. The decentralisation process demonstrated that the employment service has managed to involve local actors in its policies and to increase its trust towards them. This type of cooperation has been efficient in mobilising local actors and in building social capital.

An innovative project for management and capacity-building is the ‘Quality Centre of Hainaut Occidental’. This was created on the initiative of the social actors. Accordingly, a quality plan for the territory was devised, with the objective of training all of its public and private organisations in management and quality issues. The Centre also launched various initiatives against social exclusion, for example, a cooperative social enterprise that employs 28 people. It has also engaged in various operations, such as improving the quality of cities and communes, social centres and secondary schools. The methodology of all actions undertaken by this Centre is based on the principle of networking and working together on real projects.

Constraints for further project development in the area are mainly financial.

Specific policy approaches found in interventions and initiatives

All interventions and initiatives described previously contain policy approaches related to partnership, governance and promotion of employment, with specific emphasis on cooperation.

Partnership

Partnership culture is strong between the members of the CSEF. There is, however, the possibility that it may be split into two smaller units in the smaller territories. There are also doubts regarding the regional government’s active policy for promoting partnership at the level of communes, for example, within the local development agencies.

The regional government has recently promoted and is supporting ‘local partnerships’ at municipality level, (Contrats d’Avenir Locaux), between local authorities and other local actors, who are competing with partnerships at this sub regional and local labour market level. A key question therefore arises: what is the relevant territorial level for cooperation and accumulation of social capital?
The partnership culture stems, on one hand, from the tradition of social dialogue in the area, and on the other hand, from European programmes, in which partnership is a prerequisite. EQUAL is a good example of a partnership involving 40 organisations.

The partnership approach is not appropriate at regional level, as there is already an institutional or administrative framework for policy development.

**Governance**

There is a very strong tradition of social dialogue and participation of civil society, which is conducive to strong local partnerships in the area. There are numerous local associations and many participate in European programmes. These aspects of governance are considered to be indispensable.

**Role of local and regional actors**

*Local social actors*, local authorities and public employment services, play a key role in identifying and analysing needs, policy direction and efficient adaptation of regional policy, project promotion and mobilisation of other actors and of civil society.

For example, CSEF is a vehicle for cooperation between the local social partners, other local actors and the regional public employment service. Acting as an intermediary structure, it adjusts and adapts regional programmes to locally diversified needs and demands, leveraging additional resources and providing feedback to the public employment service decision makers. The role for economic development is less clear.

**Role of social partners**

Social partners play a role in the development of initiatives and projects, as they analyse the local and regional labour market to provide information and identify problems and priorities. They also have a forward-looking, strategic function, namely, to identify employment and training actions, and to design a yearly plan for employment development.

Social partners also contribute to the coordination and implementation of initiatives. For instance, they coordinate actions taken by the employment service, or other local actors, and act as a leader or broker of coordinated, multi-actor initiatives, such as EQUAL. They advise on the implementation of public employment services and policies, as well as the monitoring and evaluation of certain schemes.

Their main contribution is, however, towards mobilisation of other actors and strengthening of cooperation. They mobilise companies, as well as trade unions and public administration. Through mobilisation, they also act as promoters of key initiatives. They have a key role in fostering consultation and cooperation among social partners as well as between social partners and the employment service, and local and regional authorities.

There are links between social partners and the public sector, where social partners act as advisors, and links to target groups in social inclusion initiatives, where social partners act as intermediaries between target groups and the PES.
Impact of social capital on beneficiaries

Social capital, as defined, may impact on capacity-building, social inclusion and employment.

Links between social capital and regional development

The link between social capital and local development is apparent. Local development is defined as ‘a collective process of territorial sustainable innovation’. This process organises economic, social, environmental and cultural actors in a network, which is based on a common culture whose objective is collective well-being of the population. This definition of local development is linked to social capital, as it contains the concepts, ‘network of actors’ and ‘common culture’, which are central elements of the social capital definition. However, it is mainly that the individual is part of a collective entity (group/community) that does not eliminate singularity. The group integrates the individual and is enriched by his or her presence, in order to create shared wealth that is tangible or intangible.

There has been no research, so far, into the link between social capital and local development. Evidence of this link is found in the numerous associations that promote well-being, and in partnership structures that work towards common goals in the field of employment and inclusion.

Regional development falls under the competence of regional government and depends also on exogenous factors. It is less linked to social capital.

Drivers for regional social capital

Given the broad reference in the literature, to conditions that are conducive to social capital development, it has been decided to concentrate on three key requirements and, in the case of Hainaut Occidental, on the extent to which these are fulfilled.

Interaction of actors, whose primary objective is cooperation in the common interest, and whose rules are consensual, regardless of whether they are explicit or implicit. Necessary conditions in the case of Hainaut Occidental include:

■ involvement of as many actors and sectors as possible, including key-decision makers;
■ mobilisation of actors, as a key condition for all policy targets and for the development of relevant projects;
■ availability of funding for the actors involved.

The principle of trust, on which norms and behaviour are based, dictates that individual action in the present can be expected to produce a collective result in the future. Some elements of this condition in Hainaut Occidental include the sharing of roles and responsibilities between partners, in order to facilitate the development of trust.

The existence of an institutional structure that facilitates and encourages joint action, and provides instruments and incentives, is desirable. Key requirements in Hainaut Occidental, for the development of a supportive institutional structure are:
increased commitment of politicians and regional or state public administration, to support local initiatives;

awareness-raising for public institutions on the benefits of social capital for cooperation and innovation;

promotion of partnership between public institutions and other sectors and actors at all levels.
Context

The region of Burgenland was chosen as a case study because of its strong identity, related to its history and geographical position as a border region with Hungary. It is also an Objective 1 area and provides a good example of how social capital can be mobilised.

Burgenland is a border region with considerable structural weaknesses, marked by limited access to education, vocational training and employment. The region is characterised by a falling population, due to out-migration towards big cities, particularly Vienna. The average drop in population is between 1.5% and 10%. Lack of mobility and financial resources further limit the prospects of women, in particular, in the southern areas of Burgenland. Another problem facing the region, especially the South, is the lack of access to information and communication technologies. There are still villages and towns, for example, that are not yet connected to the Internet – an important element for catching up with market developments.

Burgenland is located in the eastern part of Austria, and has a surface area of 3966 km\(^2\) with a population of 277,952 (1999). Its border stretches from the Danube in the North, to the ‘Dreiländereck’ of Hungary, Slovenia and Austria, and near Szentgotthard on the southern border. The region has a relatively low-density (68 inhabitants per km\(^2\) in 1993) and diverse population. It is characterised by a patchwork structure of locally diverse Alpine foothills, smooth hills and river basins. The Neusiedler See in the North is a shallow steppe lake, which hosts a unique biodiversity, now a National Park (certified by the International Union for the Conservation of Nature and Natural Resources (IUCN)), and situated in the border region between Austria and Hungary (Illmitz).

Burgenland has suffered, for a long time, from the isolation of being situated alongside the Iron Curtain. During this time, the region was unattractive as it was very industrialised. Therefore, structural problems prevailed for years, and led to a pattern of low wage industries and low value added production sites. As a result of migration of a highly-qualified labour force to the Vienna region, innovative potential has been very low. Moreover, industries based in the region, tended to relocate across the border, after the fall of the Iron Curtain, in order to capitalise on the lower average wage that existed. Since then, there has been no attempt to retrain the workforce or diversify industry, to offset the jobs loss. This may be due to a lack of innovative capacity because of low educational standards in the region.

There is a long tradition of tourism in Burgenland, although its tourism industry still lags behind new developments, like ‘quality tourism’, ‘nature tourism’ and ‘wellness tourism’. In particular, the area is rich in natural resources, due its recent historic isolation and the excavation of thermal wells in Mittel and Südburgenland during the early 1990s.

There is, as already stated, a lack of higher education in the region. Apart from that, quality of life has not been a big problem, and the regional identity of the population is positive.

Concept and practical relevance of social capital for policy

Social capital is not an inherent concept in the projects and initiatives examined in Burgenland. Networks and partnerships are set up in the context of European programmes, or promoted under
the initiative of regional level actors. They assign priority to the development of regional cooperation between institutions for better coordination of activities. They also foster regional strategy development, especially for employment and enterprise creation. In this context, social capital is relevant for policymaking, particularly regional policy. One of the mutual benefits that have arisen from such network actors is an improvement in the quality of life in the region.

Relevance for employment and social inclusion is found in initiatives that concentrate on a specific target group, such as women, and that are carried out by dedicated administration departments, for example, the women’s representative office of the Burgenland government. These initiatives encourage actions that favour inclusion and the employment of women. The establishment of development partnerships confirms that social capital may serve as a vehicle for the implementation of such policy initiatives.

Social capital is also relevant for gender equality in the labour market, largely through gender mainstreaming programmes, which are based on a partnership of 14 organisations. In this context, social capital can also be relevant for strategy development and implementation.

The concept of social capital is very relevant to enterprise-creation, through the development of networks that support innovative ideas and assist start-ups. In this context, the network involves cooperation for mutual benefit.

**Use of social capital**

The various initiatives examined in Burgenland demonstrate the importance of networks, as an instrument for both policymaking and implementation. More concretely, in policymaking, the evidence suggests that networks of institutions and economic actors offer a functional platform for the definition of employment strategies.

**Applicability of social capital at local and regional level**

Application of social capital at local level in Burgenland is evident in cases where the lack of infrastructure, such as transport, and the reduced mobility that has resulted, restricts action at local level. This has proved difficult for EQUAL development partnerships, who work to improve opportunities for women in the labour market.

However, where there is networking locally, the goal is to exploit the results at regional level. Hence the fact that organisational and network structures are based on a regional approach. Examples include a Leader+ project, which was aimed at exploiting locally-gained experience in the region, to generate economic potential and, ideally, employment in the long-term. Another Leader project was aimed at developing strategies, to make a particular viticulture region more widely known, thus supporting local hotel projects and income diversification of farmers.

A good example is the project for innovative business development, Smart Start – part of the Regional Impulse Support programme (Regionale Impluls-Förderung (RIF), 2000, funded by ERDF and the Federal Ministry of Transport, Innovation and Technology), which is based on a regional network. Common actions are developed through co-operation between different impulse and
technology centres from Burgenland, and regional project partners, such as SMEs, research institutions, communities, local authorities, and actors involved in labour market and innovation policy.

Other actions are based on networks at sub-regional level. For example, South Burgenland has problems with mobility and financial resources, which restrict women's access to education, vocational training and employment. Therefore, it is more relevant for sub-regional networks to address these specific area issues.

**Benefits of social capital**

It is difficult to be explicit about the benefits of social capital, since policy interventions do not openly use social capital as a tool. However, all interventions and initiatives examined are centred on networks or partnerships for implementation; this approach has organisational features that are similar to social capital. Benefits vary, according to the objective of the action, for instance:

- when action is aimed at improving service provision in a region affected by out-migration, the benefits of social capital relate to the retention of young people in the area, by offering them better services and employment opportunities;

- when action is aimed at gender equality, improvement of employability and job opportunities for women, the benefits of social capital relate to social inclusion and employment, of women in particular; subsequent long-term benefits for regional development, in turn, are based on the assumption that a better qualified labour force, and access to ICT, increases the development potential of a region;

- when action is aimed at innovation and enterprise creation, social capital can benefit new entrepreneurs, not only for starting up, but also for learning to innovate;

- when action is aimed at strengthening institutional cooperation, the benefits of social capital are almost inherent to the action, as the development of institutional structures and networks makes possible, and stimulates, common action for the common good. Concrete improvements can include better access to information, development of common methodologies and tools, for regional development and sustainability of actions; the more institutions that endorse an action, the better the chances of long-term survival and of better resources, infrastructure, etc.

**Dimensions of social capital**

All dimensions of social capital are present in Burgenland, however, bridging and linking are more evident:

Bonding is strong among women who face the threat of exclusion, as a result of unemployment and difficulties in adapting to changing market conditions. Small, local initiatives, like visits by female pupils to technology centres on 'international girls' day', bring young women together. There are also various indicators under Leader+, where local communities and individuals provide strong potential for bonding; one example is a 'mobile Internet parlour', offering the unemployed, housewives, women on maternity leave and retired persons training with ICT, which attracted more than 250 participants in five villages alone.
Bridging social capital is very strong in the region, mainly as a result of European and national programmes like EQUAL, Leader+, and the Regional Impulse Support programme (RIF). The development of partnerships, a requirement of many programmes, has led to the creation of sustainable cooperation structures. These organisations and institutions co-operate in the EQUAL development partnership to support women. Other initiatives, outside of this programme, also bring together different institutions; such initiatives include 'find a job week', a trainee program for 14-year-old girls, a cooperation between higher technical schools (HTL) and Berufsförderungsinstitut, one of Austria’s organisations supporting vocational training.

In terms of the mechanisms for bridging, there has been a strong growth of networks, and the promotion of networks of key institutions in the area is a priority of Regional Management Burgenland, (RMB). Types of networks include:

- social support networks offering support to elderly people or to unemployed women; provision of access to the Internet is central to some of these networks;
- issue-based networks: fruit cultivators, processors and retailers have established a platform for joint marketing purposes;
- regional networks: cooperation among technology centres that carry out a wide range of joint activities, pursuing common targets and meeting regularly at associate level (Association of Technology Centres). The networks of technology centres offer support to project beneficiaries of the RIF 2000 programme in Burgenland at regional (Länder) level; this also facilitates regular contacts between entrepreneurs, SME consultants and relevant representatives of the Burgenland government.

The Business Angel network is an informal cooperation, which provides a network, operated by people experienced in running SMEs, to advise young entrepreneurs on starting their own business. Members consist of SMEs located in the technology centres.

Horizontal links are, therefore, well-established and facilitate project implementation in the area. Programme implementation, however, is based more on vertical than horizontal links. For instance, vertical links between ministry, the implementing agency, and the technology centre, Eisenstadt, are important for implementation of the RIF 2000 programme, and for its likely long-term effects, both economic and technological, as well as its ‘social relevance’.

Linking for policy implementation is also evident in gender policy; an example is the mainstreaming programme, where the women’s representative office of the Burgenland government acts as a driving force, to initiate a range of projects and other initiatives at local and regional level. Cooperation is considered as a way of enhancing communication at, and between, all levels of society and of the economy.

Policy implications

Awareness of ‘social capital’ as a tool cannot be confirmed; however, key elements such as networking, partnership, and generally working together to achieve mutual benefit, are present in most interventions and initiatives. There seems to be greater awareness at regional management
level, where managers of programmes like Leader+ and RMB are actively pursing the creation of networks – in the spirit of Manuel Castell’s book, The Network Society – aimed at establishing functional platforms for institutions and entrepreneurs.

Social inclusion, employment, and regional development are not direct targets of the interventions, but they are long-term aims. Interventions and initiatives examined in Burgenland are targeted directly towards enterprise creation, gender equality, capacity-building in ICT, service provision, improvement in the quality of life, and increasing regional cooperation:

■ In the field of enterprise creation, the project Start Smart Innovet B, run by the technology centre, TZ Eisenstadt, offers assistance, coaching and professional advice to potential entrepreneurs who present innovative business ideas. Support is provided by a regional expert pool, maintained by the technology centre, as part of a network that connects all Austrian regional technology centres. So far, two innovative start-ups have been completed, one of which – an innovative heating system – has obtained the annual Burgenland innovation award. Positive effects on the regional labour market are expected, should commercialisation be successful. Start Smart Innovet B also aims to further strengthen cooperation among Austrian technology centres. Various joint events are planned, to establish communication with potential target groups of the project. It is also expected that successful innovative ideas could lead to further actions, to improve the labour market. For example, it is hoped that the construction of production plants could result in a reduction of out-migration by the labour force into metropolitan areas, like Vienna.

■ In the field of gender equality, ‘gender mainstreaming and support to women in Burgenland’ is based on a development partnership of 14 organisations. Various modules and actions aim to contribute to the development of innovative strategies and solutions, to reduce gender-specific segregation, and to achieve equal treatment of women and men in the Burgenland labour market.

■ In the field of capacity-building in ICT, an EQUAL project on women and new ICTs involves a development partnership of 11 different organisations, dedicated to the improvement of the employment situation of women in Southern Burgenland. This project seeks a more immediate impact on the employment of women in the region, through capacity-building in ICT. This is evident in its targets:
  – improving the employment outlook for women in Burgenland through ICT training measures and e-learning
  – facilitating women’s access to new technologies, thus encouraging them to exploit the ICT potential;
  – supporting the integration of educational software and other multimedia materials into education and vocational training;
  – providing for ICT training strategies, specifically for women, to generate sustainable interest in ICT qualification;
  – cooperating closely with local businesses in the southern area of Burgenland, to provide new jobs.

These targets will be achieved through: the creation of an ICT service centre, which will serve as a contact and information point; the development and provision of quality services in the field of e-learning; various training actions and the piloting of decentralised working, such as teleworking.
In the field of service provision and quality of life, there are a number of Leader+ projects in tourism, agriculture, commerce and local government. These projects aim at the development of small businesses, which provide food, tourism and transport services. Objectives include raising funds for social purposes, establishing service care centres for old people, increasing access of women to computers and the Internet, and provision of real estate services to counteract the loss of population. It is expected that the improvement in the provision of services will eventually impact on the employment situation, and ultimately contribute to regional development.

In the field of regional cooperation, RMB is launching an initiative to develop a network of actors for the support of SMEs and the development of employment strategies. This is aimed at filling an existing gap in regional cooperation, where key institutions, responsible for enterprise and employment policy, do not currently cooperate. In the creation of the network, cross-border cooperation will also be taken into account, through inclusion of the Komitat Vas on the Hungarian side. It is expected that regional cooperation of key institutions will contribute to enterprise creation and the development of employment strategies.

An innovative approach for employment is the European Centre for Renewable Energy in Güssing, which attracts international interest. It is based on the concept of providing a self-sustaining energy supply for an entire region. Leader+ supports a project that aims to overcome the shortage of qualified personnel visiting these innovative energy sites. The overall aim is to establish a permanent infrastructure for ‘scientific and information tourism in the field of renewable energy’, i.e. provision of professional support to visitors and public relations activities.

Specific policy approaches found in interventions and initiatives

All of the interventions and initiatives described contain policy approaches related to partnership, governance and the promotion of employment – with specific emphasis on cooperation.

Partnerships have proved to be an important vehicle for facilitating action that benefits disadvantaged groups. Regional partnerships are important for effective implementation of programmes. For example, EQUAL development partnerships aim to bring together individuals and institutions of a specific region, to jointly devise measures, actions and solutions to different problems and situations in society. In addition, development partnerships are encouraged for the exchange of experiences and results on a national and trans-national level. The principal of partnership in the region was promoted even before EQUAL came into effect. A study of the employment situation in the southern region of Burgenland raised awareness of, and thus facilitated, cooperation between current project partners.

Regional networks also promote the principle of partnership. For example, there is cooperation between technology centres and regional partners, such as SMEs, research institutions, communities and local authorities, and those involved in labour market and innovation policy. This leads to communal action like, for example, the Smart Start project (see Evidence of policy interventions and initiatives for employment and social inclusion above). The result of this cooperation is financial support through grants, coaching, training, and professional advice through networks.
Regional partnerships are considered necessary for effective project and programme implementation. Cross-sector partnerships are also important for coordinating the actions of institutions like employment agencies, AMS, the Austrian Federal Economic Chamber, WKÖ, and the BFI vocational training institute. Such partnerships support SMEs and define employment strategies.

Governance or social dialogue between different levels of actors, including the flow of information and communication between them, is an important aspect of these programmes. For instance:

- between central and regional government: central government involves regional government in initiatives from an early stage, including initiatives such as the elaboration of feasibility studies. At the same time, regional government reports permanently to central government on coordination activities in economic matters, local politics, and cultural matters in the region of south Burgenland. Regular meetings on thematic issues between key actors of the sub-regions – such as Southern Burgenland, RMB, Südburgenland Plus – and government councillors, Landrat, also provide for a direct link between sub-regions and government, from the bottom-up;

- between regional level actors and beneficiaries: regular information workshops and roundtable discussions, organised by Südburgenland Plus, an association promoting Leader+, to inform on programmes like Leader+, and to generate project ideas from the bottom;

- between regional level government and other regional institutions and actors: the RMB organises roundtable discussions, to facilitate the establishment of networks at institutional level, including SMEs, at a second stage;

- between regional level partners: the EQUAL development partnerships are a good example of continuous dialogue among its members, with good communication mechanisms between project coordinators and regional authorities, while still maintaining autonomy.

There is high priority in participation, dialogue and mobilisation of relevant actors by the public sector, as stated by the RMB. This ensures that policies benefit citizens and involve target groups, thus creating more effective consultation in shaping policies. The women's representative office has been very supportive of the following bottom-up facilities:

- girls' website serving as information platform;

- women's network – a forum, independent of political parties, serving women to articulate and advocate their interest;

- various activities and events to support and exchange information concerning specific female topics;

- women's healthcare, breast cancer prevention, fit for the job tests, etc., with doctors available for personal advice;

- women's arts room, promoting creativity and expression;

- women's houses – refuges for women threatened by domestic violence.

Promotion of employment, a distinctive feature of policy interventions in the region, is employment as a long-term target. Integrating target groups, especially women, young people, and low-skilled
unemployed workers into the labour market is also a goal. Interventions also focus on providing necessary tools to target groups for skills development. Such interventions can include ICT training, learning to innovate and enhance a region, enterprise creation, and support services responding to changing market conditions and recent demographic shifts. This approach can produce employment outcomes.

Role of local and regional actors

Local actors in well-established institutions in south Burgenland, try to promote greater interest in available services. In EQUAL's ‘Women and new ICTs’ development partnership, for example, the partner ABZ launched ‘Schnupper-Workshops’, where a village of 1000 habitants put forward 70 participants. Another partner, BFI, provides access to highly reputable individuals, known for their ability to co-operate, to network, and for their experience in the field of vocational education and employment generation. There is also evidence that a strong coordinator is indispensable for bringing and holding partners together.

Regional actors, such as the women's representative office, RMB, technology centres, and Südburgenland Plus, play an important role in raising awareness, providing links with key stakeholders, and mobilising other relevant actors and target groups. Although the distinction is not always clear, public sector actors tend to identify needs and areas of intervention, while non-public actors, such as technology centres and associations, tend to implement interventions.

Role of social partners

Social partners in Burgenland contribute both to development, coordination and implementation of programmes, through the organisations that represent them. For instance, the Austrian Federal Economic Chamber and the Austrian Federal Agricultural Chamber are members of the ‘sudburgenland plus’ association and are responsible for the organisation of project modules.

They also play a role in mobilising target groups that promote projects, which introduce new agricultural products and encourage farmers to diversify, through the production of new products.

The contribution of social partners that strengthen cooperation varies from simple participation to structured partnerships, to mobilisation of actors that may intensify cooperation.

Social partners, especially through the organisations that represent them and, more specifically, the Economic and Agricultural Chambers, are close to target groups; this has resulted through participation in projects like ‘Development of Teleworking’, under EQUAL, which promotes employment of trained women in enterprise; or projects, financed by the RIF 2000 programme, REGplus or Leader+. They contribute to capacity-building, provision of information, promotion of cooperation, and employment.

Impact of social capital on beneficiaries

The interventions, examined in Burgenland, integrate social capital through networks and partnerships. Three types of impact can be seen in Burgenland.
Impact on capacity-building: Some interventions by women and new ICTs, have clearly had a positive impact on improving women’s technical skills, and on increasing their knowledge of ICT issues. Other EQUAL projects have increased awareness of gender issues; some vocational training institutions, for example, have included gender mainstreaming in their curriculum, and invested in further development of this subject. Training modules of the EQUAL project have also improved the quality and application of e-learning, especially for women.

Impact on cooperation: There is increased awareness of the benefits of cooperation, with slogans like ‘we can do better together than in isolation’. Partners have realised the necessity of effectively cooperating and jointly implementing activities, to obtain good results. Further deepening of cooperation is sought; expanding links towards new EU Member States is also becoming a greater objective, in order to establish formal cooperation through a trainee exchange programme, or other information exchanges.

Impact on entrepreneurship: projects like *Smart Start Innovet B* have had a significant impact on entrepreneurial activity in the region. By offering assistance and advice to potential entrepreneurs, it has encouraged the development of new businesses around innovative concepts. This has clearly had a positive impact on enterprise creation and on integration into the labour market.

**Links between social capital and regional development**

Regional development, in the traditional sense, is determined by the existence of natural resources, labour and capital – physical and financial – which are combined with economic production units and contain a certain technology level. This development process can depend on the quantity and quality of available conventional productive resources. However, in the modern society, development might depend not only on conventional resources, but also on:

- society’s capacity for self-regulation;
- the acquisition of information;
- the assimilation of knowledge;
- economic management skills and financial structure;
- innovative spirit and a common sense of standards of cooperative behaviour;
- willingness to cultivate civic engagement and business partnerships;
- success in institutional-building and attitudes that genuinely promote change.

All of these are intangible community assets, which enable communities to develop their own resources, and to find markets for their products.

In order to understand regional development in Austria, it is necessary to view it in the context of a global society. Austria, like most developed countries, has already reached a level of development that does encourage improvements in competitiveness, relying instead on lowering wages or cutting the cost of raw materials. However, competitiveness could be improved by applying the information and knowledge already available, to maintain the innovative tension, raise productivity and thus improve its strategic position in the markets. Learning to innovate can, therefore, become a priority in areas that have attained a certain level of development. The process of learning to innovate can be achieved with social capital. If we assume that:
Regional social capital in Europe

'social capital is a collective, civic, intangible, shared, relational asset and consists of the quantitative and qualitative sum of individual human capital, then it is also the capacity of a social group to acquire information, incorporate it in economic processes and manage these processes in a way that information is transformed into knowledge and knowledge into action'.

In this context, networking in the case of Burgenland, can contribute to regional development through innovation; for example, in Smart Start the technology centre, Eisenstadt (Northern Burgenland), offers an infrastructure and network that favours innovation. Several local contact points for the project have been established across the region. Cooperation with the technical college increases capacity and knowledge of people in ICT businesses. At regional level, where the technology centre offers grounds for networking, a dynamic process capable of transforming knowledge into action can be observed. This process is facilitated through the technology centres in the region and the experts that provide support, assistance, coaching, and professional advice for innovation in enterprise creation, while ultimately contributing to regional development.

Regional development also depends on effective strategy development. This is where social capital, in the form of synergy in policy design and strategic planning, is related to regional development. For example, organisations like Südburgenland Plus are involved with Leader+, while the RMB is involved in various regional initiative support programmes; both are committed to regional cooperation of institutions. Synergy is achieved, therefore, through the establishment of a functional platform for institutions and enterprises (as seen earlier).

Finally, the process of capacity-building and specialised education, which aims to improve employment prospects for women – for instance in the EQUAL ‘Gender Mainstreaming’ and ‘Women and ICT’ projects – are also examples of how partnership can lead to regional development. In this case, the more traditional view is taken i.e. that improved skills and increased employment are factors that contribute to regional development. The sustainability of the results of these projects is conducive to regional development. There are already indications of sustainability. For instance, female participants of the ICT project receive further support and training, while women of successful start-ups have managed to obtain continued financial support.

**Drivers for regional social capital**

Given the broad reference in the literature to conditions conducive to social capital development, it has been decided to concentrate on three key requirements and to identify to what extent these are fulfilled, in the case of Burgenland.

*Interaction of actors:* their primary objective is cooperation in the common interest and the rules, explicit or implicit, are consensual. In the case of Burgenland, necessary conditions include:

- involvement of as many actors and sectors as possible, including key decision makers; actions are to be planned and implemented jointly, with players responsible for labour market policy, health and regional economy, and wider, more inclusive networks are to be developed;

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8 We are grateful to Carlos Roman, from the Institute for Regional Development of the University of Sevilla, in Spain, for an insight into this ‘innovative’ definition.
actors must offer combined support; for instance, technology centres offer training, and local administration offer active support to women willing to participate in further education. They do this by offering accompanying reconciliation measures that allow for flexibility, such as childminding during participation in training sessions; also in addition, permanent childminding schemes allow the flexibility necessary for professional work;

- promotion of cooperation in various local level institutions – aggregate upwards to reach the regional level;

- increase ‘voice’ representation of structurally weak localities and sub-regions in region-wide structures, networks and partnerships;

- use social capital as a form of organisation that has the capacity, knowledge and instruments to reach target groups, for instance:
  - use information activity and training;
  - exploit service centres to respond to target group needs, including the option of having a mobile service centre.

*The principle of trust*, on which norms and behaviour are based, dictates that individual action in the present can be expected to produce a future collective result. Elements of this condition in Burgenland include:

- clear, shared roles and responsibilities between partners, to facilitate the development of trust;

- systemic work, perfect internal communication, and a high level of commitment from relevant partners;

- existence of an institutional structure that facilitates and encourages joint action and provides instruments and incentives.

**Key features of supportive institutional structures in Burgenland are:**

- institutional cooperation at regional level, to exploit the comparative advantage that each one possesses. For instance, co-operation at institutional level, as suggested by the RIF 2000 programmes, is not always successful. In the case of the *Smart Start* project, so far, efforts to cooperate with the employment agency did not achieve a result. This is probably because innovative start-ups initially require highly-qualified personnel. The cooperation among technology centres turned out to be far more efficient in identifying such personnel. In addition, a recruitment fair on the *Start Smart* website worked out well. Cooperation with the technical college is also expected to be beneficial in the long-term;

- RMB is promoting the idea of a permanent consortium supported by existing institutions and social partners, such as the Employment Agency, the Federal Economic Chamber, the vocational training institute, etc. This consortium would have a sound financial basis for developing and supporting projects related to labour market interventions and SME development;

- the institutional structure should provide incentives to combat out-migration; for instance, it should encourage people to engage in apprenticeships in professions that correspond to the region’s economic needs.
Other conditions considered necessary for social capital availability and to contribute to employment and social inclusion, are related to the sustainability of financing and the promotion of innovation:

- when funding is available for a short period, networks run the risk of disappearing afterwards; for instance, 'Südburgenland Plus', the association coordinating Leader+, finds it difficult to comply with Leader+’s requirement of sustainability, without the prospect of permanent financing;

- furthermore, in the case of Burgenland, it is imperative, for the reasons described above, to promote innovation in order to overcome dependency on traditional mass production, which is in the process of moving towards low-cost countries, and improve the region's competitiveness.
The case study region, Jämtland, is located to the northwest of Stockholm. It is a very large region (49,443 km²) and one of the most sparsely populated areas in Sweden (128,700 inhabitants). There is only one large city in Jämtland, the capital Ostersund, which has a high concentration of regional public services. The remainder of the region consists of smaller towns and villages, with municipalities of 5,000–6,000 inhabitants.

Jämtland was chosen as a case study because it is a rural area with a low population density, and qualifies as an Objective 6 area. It has a strong tradition of associativity and bottom-up actions that offer many interesting examples of promoting social inclusion and employment; examples include local inclusion initiatives for young people, promotion of SME competitiveness, partnership experiences, and an associative movement. In Sweden, Jämtland has the largest number of cooperatives and local development groups, relative to the population.

The main problems in the region are related to low population density and the reduction of public services in rural areas. The financial crisis of the early 1990s contributed to an increased demand for structural change and downsizing of the public sector. Many towns and villages suffer from declining public and commercial services and infrastructure. This decline has encouraged many people to migrate towards the capital of the region, and in some cases, out of the region or the country itself. This has led to a shortage of skilled labour and has curtailed the attractions of rural living. The crisis in the provision of public services has in turn fuelled dissatisfaction with the public sector and led local communities to make decisions and organise themselves regarding their own future. The cooperative and associative movement is, therefore, very strong in Jämtland.

**Concept of social capital**

Social capital is broadly perceived as something that binds people together, encouraging connectivity, trust, associativity, as well as facilitating better contacts and doing things together for mutual benefit. The concept is also well-developed in academic and policy circles, as well as in institutions that work with local and regional development and in relation to quality of life issues. Even the Swedish government uses the term social capital in policy papers, which reflects a significant change in policy thinking over the last 10 years.

Actors involved in policy research in Jämtland define social capital as: ‘social, non-institutionalised networks that are filled by the networks’ nodes and actors, with norms, values, preferences and other social attributes and characteristics’. An important element of this definition is that it makes a distinction between networks and norms. The actors fill the links with positive or negative ‘charges’. Positively charged links contain trust, confidence and common values. Conversely, weak links or an absence of links between actors are distinguished by lack of trust, lack of common values and lack of confidence. In situations where local actors – for example, enterprise and development groups – have few weak links, local social capital will also be weak.

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9 In the Swedish administrative context, Jämtland is a county. For the purposes of the study, it is referred to as a ‘region’. 
The concept of social capital is of practical relevance for local economic development. In sparsely populated rural areas, like Jämtland, it is harder to provide services, such as schools, childcare, elderly and healthcare facilities, within the framework of the public sector. This implies that social cooperation can play a key role in the provision of those services. Swedish empirical data supports this idea, showing that the number of cooperatives, relative to the population, is higher in rural regions, such as Jämtland. In this respect, social cooperatives and associations that provide the social services, required to enable people to remain in rural areas, indirectly provide the levers for local economic development. This method of expansion favours reliance on local resources and local networking, and attributes local economic development to citizen mobilisation.

Social capital is also relevant in relation to the process of employment creation in Jämtland. The failure of the public sector to provide services, and to reverse the negative migration trend in rural areas, has encouraged local communities to come up with their own solutions for job creation, which rely on participation of the civil society and of various actors at the local level.

The concept is also relevant in focusing on the causes of exclusion; for instance, structural changes and the decline of the public sector are the main reasons for the isolation of rural communities in Jämtland, which, in turn, is a characteristic of disadvantage. While social capital in the guise of associations, cooperative movements and community groups cannot reverse these causes, it can, however, fight their impact.

**Use of social capital**

There is an interesting view that supports the development of policy measures, targeted specifically at the development of social capital (an end), in order to increase social capital repositories and to use it as a lever for economic development (means). This is relevant for regions like Jämtland, which have the greatest need for labour market policy measures, in order to re-vitalise the region. Such regions do not only need new economic activities, but also a partial renewal of social capital. In this respect, there is scope for influencing social capital through political measures. One pertinent example that relates to Jämtland is a policy that promotes the development of the social economy which in turn helps to build, preserve and reorganise the region's social capital.

However, it is mainly social capital as an instrument that has played a key role in Jämtland's development. As already mentioned, a strong associative and cooperative culture lies behind the proliferation of structures, cooperatives, associations, community groups and NGOs, that contribute to the provision of services and employment opportunities and that create a favourable environment for people to visit the region. The development of cooperatives is also an example of an attempt to cover market failures, which have resulted in a decline in private initiative. An example would be cooperatives that fill the gap left by the closure of large department stores.

**Applicability of social capital at local and regional level**

In terms of spatial focus, it is difficult to identify a single level – local or regional – in relation to social capital interventions.

Practical experience from Jämtland shows that the concept of social capital is better understood and more applicable at local level. There is a lot of important groundwork involved in focusing on
the creation of local networks, especially social networks, which can be considered in order to build regional social capital. Most of the examples from Jämtland and empirical work, so far, focus on the local level only.

Regional level social capital is not regarded as being well-developed in Jämtland. There are some examples of cooperation at county level; examples include the cooperative for wind power that is comprised of members across the country, and various cooperatives in agriculture, such as dairy and meat farming. Actors involved in policy research have stated that regional and cultural identity is a key element in Jämtland, but people do not know how to use these features to create development. This strong sense of common identity offers potential for regional social capital to become a lever for development, in the same way that local social capital has been a definite lever for economic development.

**Benefits of social capital**

The main benefits relate to building community spirit and to the social support that can be generated as a result. Experience has shown that local community initiatives, as a response to public sector failure, have benefited communities, by offering services and products that increase the attractiveness of rural areas, as desirable places to live.

The benefits to spatial communities in Jämtland relate to:

- **the capacity to engage**: forced by the reduction in public sector service provision, local communities in towns and villages have organised themselves into cooperatives, offering the required services. This experience has increased their capacity to engage in fruitful cooperation. As a result, wider networks are being set up to respond to local and regional needs;

- **representation in partnerships**: local communities and the voluntary sector, in particular, are key players in local partnerships;

- **better provision of services**: the ‘neo-cooperative movement’ in Jämtland i.e. the locally active economic associations established after the late 1980s, has increased the provision of basic social services – primarily child and elderly care, as well as healthcare.

The benefits to individuals relate to:

- **employability**: in this context, employability is related to better access to services. This is important, for example, for women where childcare services are offered;

- **social inclusion**: in this context, exclusion refers to disadvantage stemming from isolation and poor accessibility to social services. Information and economic associations, for instance, have provided information and training to isolated people, or to those seeking new employment opportunities;

- **employment**: the capacity of people to organise themselves around cooperatives has also brought benefits in terms of new employment opportunities.
Dimensions of social capital

All dimensions of social capital – bonding, bridging and linking – are considered to be particularly appropriate and are applied in decision-making and the analysis of policy interventions.

Cultural reasons and the strong associative culture contribute to strong bonding links in local communities. This bonding has been oriented towards community-based action, to cover the gaps in public-sector service provision.

There is an old tradition in Jämtland of bridging social capital, which is favourable to socio-economic solutions. Activities that had a socio-economic emphasis may have ceased or changed focus more than a generation ago, but knowledge of these solutions has survived in the collective consciousness. As new needs demanded new solutions, the former socio-economic focus began to re-surface. Jämtland county provides a perfect example of this. Up to the 1950s, the villages had a strong tradition of non-profit, economic associations that centred upon certain machines, bathhouses, bakeries, assembly halls, etc. In many cases, these activities fell under private or public control during the 1960s and 1970s; however, the joint action approach to solving problems had not been forgotten and the idea of cooperatives began to re-emerge. The cooperative method of catering for common needs was already familiar to the older generation and now began to re-surface among the younger generation. Regional social capital favourable to social economic solutions existed, and so too did physical capital in the form of old assembly halls or village schools for local needs. An example of this is the LITS local economic association, which includes 32-members from different sectors and which uses the premises of an old municipal house for its office.

In terms of the mechanisms of bridging social capital, many voluntary and community groups exist and there has been a strong growth in cooperatives that act as local networks. Types include:

- issue-based cooperatives – like women’s groups, childcare networks, information networks, small-scale food production, and tourism;
- rural support networks;
- numerous associations, economic and non-profit. The neo-cooperative movement in Jämtland has a much greater share of total employment, compared with other Swedish counties. The percentage share of employed people in all economic associations in Jämtland, in relation to those in Swedish regions, is 1.94%; this is significantly higher than the 1.17% for the whole of Sweden.

There is a strong presence of regional linkage institutions, like the Cooperative Development Agency (CDA), which acts as a link between community level cooperatives and community groups, and public administration at municipal, regional or county level.

The Swedish government is also developing initiatives that favour the creation of linking mechanisms, like the Regional Growth Agreements (RGAs), (see below for a detailed description of RGAs and good practices). The underlying approach is defined by government commitment to participation in the private business community. The RGAs are based on broad partnerships, public or private, that are charged with the development of priorities and measures, which in turn
feed into regional programmes. In the context of RGAs, the Bispgården project (see below for description) offers a good example of a linking process, initiated by the Local Business Association (LBA) to develop active links:

- at local level with the municipality;
- at regional level with the county administrative board – responsible for regional strategic planning, the county council, the county labour board, as well as the regional university;
- at national level with the Swedish National Board for Industrial and Technical Development (NUTEK) and the Swedish Labour Association (SAF).

At more local level, there is strong linkage between some public administrations and lower level village community groups. The independent village development groups in the municipality of Bräcke that provide an active link into the development work of the municipality are a good example of these. This process entailed the creation of ‘mixed’ groups of local actors, decision-making municipal politicians and local government officers.

**Policy implications**

Jämtland offers plenty of good examples of social capital that has contributed to local development and improvement in the inhabitants’ quality of life. This region is unique in the context of this study, as it is not affected by traditional unemployment and the standard ESF disadvantaged groups. Its low population density is coupled with a very dynamic local population that, in spite of its relative isolation, has demonstrated a unique capacity to organise itself around forms of social organisation, which have played a determining role in solving common problems and in improving the quality of life. It can be said, to an extent, that this is an example of social capital in its purest form: starting from the bottom, the locality, and engaging citizens as protagonists in a process of building-up links to other levels of society and government.

The best examples of local development processes are in rural areas with village and micro-firm cooperatives including:

- **the Byssbon cooperative, which initiated a local development process**: this community based cooperative was organised as an economic association and it is owned by the inhabitants of three villages in Jämtland. The cooperative was established in response to the decreasing population and lack of job opportunities, and in order to satisfy common needs, such as maintaining the village shop, keeping the school open, organising childcare, building new houses to enable people, some of which are returning residents, to move into the village. In some cases, the village cooperative has taken over community tasks, normally catered for by the public sector, and they have also organised new market-based activities. The main goals of the cooperative are to increase the population and job opportunities, and to preserve the environment;

- **Husa, the village that refused to die**: this village cooperative incorporates 13 different organisations, including cultural and economic associations, related to restoration, tourism, transport, etc, and parent cooperatives. The village cooperative was established as a response to the general decline of the village. Specific projects include a theatre project, restoration of a
mansion that is used as a café, a museum, childcare facilities, local tourism, the restoration of an old ship for local transport, and alternative housing for young people;

- the community-based cooperative and economic association, Tullingsas: the aims of this cooperative, which has 65 members, were to enable people to support themselves in the area, by creating job opportunities in social services, as well as promoting small-scale enterprise. It runs a hostel and a café, in addition to recreational activities and apartments for the elderly;

- local development groups and micro-firms: in rural areas there are also examples of new micro-firms that have been created as a result of work by local development groups. Some of these individual entrepreneurs have collaborated within the framework of a cooperative. One such cooperative of micro-firms, ‘Drivknuten’, began in 1996 with six small firms and had grown to twelve firms by 2001. This is an example of a cooperative in which firms have achieved synergy, and share the benefits of collaboration, by strengthening their individual firms, whilst finding solutions to common needs and preventing individual isolation. They also benefit from sharing overhead costs. These businesses belong to different sectors – trade, handicrafts, the mechanical industry, farming, multimedia, and commercial services. Their common objective is to support themselves, so that they can remain in the rural area – survival is their primary objective and development secondary;

- the information cooperative, Agendum: this is a good example of a women’s initiative. It was set up by five women with complementary skills, and significant experience in starting up and managing development projects, on behalf of local and regional authorities. Although it is situated in a small town, more than 1,000 kilometres from the southern border of Sweden, access to modern technology means that the cooperative can specialise in, among other things, involvement in various EU projects. From a small information network, Agendum has grown into a training, information and consulting cooperative, and it now operates several transnational EU projects. It has also established wide national and international networks;

- social economy in practice, Bykontoret i Lit: this is a local association in the village of Lit, which is comprised of 32 members from various sectors, including – the adult education association, private enterprise, the local parish, the women’s association ‘Girls in Lit’, the local school, the homecare society, the Ostersund municipality of the capital of Jämtland, other smaller associations, and local NGOs. It was created as part of a Leader project that financed the restoration of the old municipal house, which is now used as the association’s office, through which it offers services such as advice and counselling, training in cooperation with the adult education associations and local school, library services, home help, and services for the elderly;

- other cooperatives that provide good examples of local development include: a child care centre, Bergstrollet – a good example of how one cooperative has enabled its members to start others; a pottery-ceramics economic association, consisting of seven entrepreneurs, each of which produces and designs his or her own products; the cooperative for the elderly, Brismarksgarden, which is based on cooperation between three women, to provide support for the elderly and environmental management; cooperatives in the food sector, such as dairy products – they provide information on better marketing and brand image, as well as on process improvements;

- various associations that offer health and medical care: an increase in the number of pensioners has put pressure on the public sector and this has accentuated the need for other solutions,
such as cooperatives. The structural changes and cut-backs in welfare-state provision are reflected in the fact that, between 1993 and 1999, the number of employees increased substantially in economic associations within health and medical care.

There are also mainstream interventions from the ESF, including support for the development of the social economy.

The CDA in Jämtland operates at regional level, by offering free support to cooperatives in the county, to assist them with start-up and running, by providing, for example, pre-development support like business ideas, action plans and training, in addition to on-going advice and counselling. The CDA is a good example of cross-sector cooperation and is comprised of eight municipalities in the county, the county council and new cooperative enterprises. It is financed by annual members’ fees, as well as state and project subsidies. Many of the cooperatives mentioned above have been supported by the CDA.

An innovative approach was taken by the Swedish government, which introduced a new element into industrial policy in 1998. Swedish regions were invited to design and negotiate RGAs with the Ministry of Industry, Employment and Communications (later renamed Ministry of Industry). The key characteristics of the RGA initiative are a coordination of its processes by county administrative boards and the development of priorities and measures by broad partnerships in the regions, which would then be formulated into coherent regional programmes. Innovative features include the responsibility given to regions, even though it is a central government initiative, and a strong emphasis on the involvement of private business to ensure their needs are a core focus of the agreements. The RGA measure is a good example of how partnership-based initiatives allow sufficient scope for rural areas, so that they are represented in the process.

Jämtland offers a good example of how business interests can play a strong role in rural development activities, and in making their voices heard in the RGA process. A good illustration of this is the Bispgården project, in Bispgården – a village of 1,600 inhabitants, which suffers from a decreasing population, and from declining public and commercial services and infrastructure. Despite a strong tradition of small-scale manufacturing, skilled labour is in short supply in the village. As part of the RGA initiative in Jämtland, Bispgården developed a local growth agreement, which was coordinated by the Local Business Association (LBA). The LBA urged the municipality to take greater responsibility for improved public services, infrastructure and labour supply. Given the weak municipal finances, the LBA suggested the mobilisation of both public and private resources, to make the village more attractive and to improve business development. The initiative covered a wide range of themes, such as new enterprise development, marketing, tourism, culture, public services, living conditions, education, youth and gender issues – all with their own activity groups. Apart from Jämtland’s RGA, the initiative obtained further finance from the Territorial Employment Pact of Jämtland. The LBA managed to actively engage a number of actors, like regional bodies (at county level), the Swedish national board for industrial and technical development (NUTEK), the regional university and the Swedish employer’s association (SAF) – all of which took part in developing the project. Bispgården is therefore a model of rural development, where business actors have taken a leading role in local rural mobilisation.
Specific policy approaches found in interventions and initiatives

There is strong emphasis on policy approaches relating to partnership, governance and promotion of employment.

Partnership

The concept of partnership is central to the rationale that dominates policy in Jämtland, and promotes the development of the social economy as a lever for a stronger economy. As the economy is faced with structural problems and as public sector provision is reduced, new strategies based on local initiatives, have been developed to compensate for this. These strategies require that horizontally organised institutions replace traditional hierarchies. This kind of cooperation is defined as ‘partnership’ and is increasingly used by policymakers as a way of involving participants in the formation and implementation of policy at local level. Cooperation between the public and private sectors and the social economy can therefore provide an alternative to privatisation.

Good examples of partnership include the RGA initiative already described. Based on broad regional partnerships (public/private), their work contributes to regional development programmes or big regional partnerships in East Jämtland that make up the manufacturing industry, municipalities, third sector groups and the National Road Administration, who cooperate in local development.

Some drawbacks include the danger that stronger partners – county, municipalities, big companies, and tourism organisations – may control most of the work because of their power and capacity.

Governance

Elements of governance are visible in Jämtland at all levels. At cooperative level, for instance, worker and consumer cooperatives provide opportunities for democratic decision-making processes. Involvement in cooperatives permits the survival of businesses that would otherwise be unable to survive; moreover, they enable democratic types of management to become a benchmark for future managerial businesses that want to retain their employees.

Other elements of governance include solidarity or fellowship found in the significant amount of voluntary work undertaken in Jämtland. Voluntary labour is strongly supported, as it is considered to offer many important benefits. For instance, it is financially advantageous and provides a clear expression of solidarity. It also raises the quality of care and welfare and establishes bonds between the activity and its surroundings.

Social democracy is important and has dominated the politics of a number of municipalities. The municipality of Bräcke is a good example of how an innovative decision-making process can stimulate local development work and deepen democracy. Leading municipal politicians and local government officers managed to obtain support for the municipal plan through a consultation process. This reflects their ambition to improve dialogue between the municipality and the inhabitants. The municipal council appointed several village development groups, which were then given the status of municipal committees with responsibility for local issues. As a result, local engagement has increased significantly in Bräcke. The municipality of Lit is another example where social dialogue forms part of the decision-making process. Representatives of different local groups can participate and have an input in municipal meetings.
Not all municipalities show the same positive record in terms of social dialogue. There is a view that municipalities, in theory, support social democracy, but in practice, fail to address local needs, such as the need to develop the social economy in areas where public sector social services are absent.

Promotion of employment

A key feature of policy is not that it has focused on combating unemployment as such, but that it has addressed the two key issues facing the region: the shortage of skilled labour and the reduction job opportunities due to socio-economic changes. Initiatives like the RGA, or the work undertaken by the CDA, aim to address both problems. In addition, the work of numerous cooperatives and associations is also geared towards building necessary skills and providing an environment for businesses and jobs to flourish.

Role of local and regional actors

Local actors have played a central role in improving quality of care and welfare in their communities. In rural regions, local development groups have made an important contribution in the creation of a positive local atmosphere, through organising leisure and cultural activities. The most significant contribution, however, has been the provision of social services. The ‘crisis’ in rural districts has created and necessitated commitment and creativity among local actors, and as a result, they have greater control over services than those in urban areas, where job opportunities, services and care facilities are still provided. In some cases, business actors have driven local development in rural areas, as seen in the case of the Bispgården project.

Overall, it appears that local actors have played a more active role than their municipalities in local development. An innovative feature of the administrative model in Jämtland is that there are many examples where local actors have also had a role in local policy-planning, as seen in the social democracy processes undertaken by various municipalities, like Bräcke.

The role of regional actors is important in building the necessary infrastructure for network support. For instance, the CDA is a regional organisation that plays a key role in the development of the cooperative sector, by providing qualified information, education and counselling to existing and potential cooperatives.

Regional level bodies, like the county or university have contributed to rural development in the context of the Bispgården partnership. Finally, the regional branches of national level institutions, like the National Institute for Working Life, the Institute for Growth Policy Studies, and the National Agency for Rural Development, play an important role in research and policy, etc.

Role of social partners

Social partners in Jämtland have been very active in the development of all initiatives mentioned earlier. Although trade unions are not perceived as having a strong role in the development of the region, the contribution of the business sector has been significant. Businesses have been key
partners in the development of economic associations, which form the basis for development in Jämtland: examples include private enterprise participation in cooperatives like Byssbon, Husa, Bykontoret I Lit and many others.

The key contribution of enterprises in Jämtland is financial. They also play a key role in the provision and dissemination of information. This is particularly important in sparsely populated areas like Jämtland. Businesses also contribute to employment, although this is not the main contribution, or a direct aim of their participation in development actions.

There are strong and well-developed links between businesses, NGOs, associations and the public sector. Agreements are reached through negotiations between these actors, and the result is an integrated approach to local and regional development. A distinguishing feature of Jämtland is that social partners and businesses, in particular, are aware of the key role they can play in local development. A good example is the Bispgården project in which the LBA played a central role in coordinating the local growth agreement.

Impact of social capital on beneficiaries

Social capital in Jämtland, in the form that has been described, such as cooperatives, community groups, associations, and voluntary groups, has had a significantly positive effect on target groups and on the population in general.

- Impact on inclusion: the new cooperative movement in Jämtland has had an impact, not only on the creation of cooperatives, but also on social inclusion for the people involved in them. These include:
  - bringing together isolated people and helping them to discover new opportunities;
  - increased self-confidence;
  - increased comfort and solidarity in many villages;
  - increased responsibility for everyday questions among ordinary citizens;
  - increased knowledge about society and possibilities to make oneself heard;
  - increased involvement in policy making for more politically active citizens.

Local development work undertaken has increased pride in the local community and in what has been achieved.

- Impact on employment and enterprise creation: Although Jämtland shows how social capital favours socio-economic solutions for satisfying certain needs, employment has by no means always been the primary objective. Nevertheless, employment has been one of the spin-offs of people forming cooperatives; examples include parents forming a cooperative to raise the quality of childcare, or pensioners establishing a cooperative to provide residential accommodation for the elderly. Experience has proved that such 'bottom-up' initiatives have often been more successful in creating jobs, than 'top-down' labour market projects with a specific employment objective.

Businesses with a social-economic structure have had direct and indirect effects on employment. There are currently 180 new cooperatives in Jämtland, which have created at least 600 new full-time jobs. The cooperatives described (evidence of policy interventions and
initiatives) have resulted in the creation of new job opportunities and of small enterprises. Local
development work that improved or preserved levels of service has also contributed to the
retention of job opportunities in, for example, the schools or shops threatened by closure, as
well as providing new job opportunities, like in the childcare cooperative. In addition, members
of local development groups often carry out voluntary work, which can eventually lead to
further employment opportunities for them and for others, as economic activities are created.
Thus, an indirect effect of local development activity is a stronger local economy.

- Impact on capacity-building: some cooperatives have had a direct impact on capacity-building
  by offering training. ‘Agendum’, for example, provides information technology and training for
  women in particular.

- Impact on mobilisation and cooperation: one of the most significant impacts of the cooperative
  movement and other initiatives (the RGA) has been the mobilisation of local and, in some
  cases, regional actors by engaging them in the development process through participation in
  cooperation structures. Jämtland has one of the largest number of neo-cooperative
  establishments in Sweden and, in comparison to other counties, the ratio of people employed
  in neo-cooperative establishments is much higher. As cooperatives have expanded, this, in turn,
  has stimulated the creation of more cooperatives (e.g. Byssbon), or led to the expansion of
  existing ones to include more actors (e.g. Drivknuten or Bykontoret I Lit).

At regional level, the most apparent positive result of the RGA initiative was the cooperation
processes it created in the region. The focus on growth, issue linkages and sector coordination
stimulated regional mobilisation on an unprecedented scale. In general, cooperation among
public bodies improved, as did their awareness of business needs; this subsequently improved
cooperation between public bodies and the business sector. In the context of the RGA,
cooperation expanded to include national-level bodies, as seen in the example of the
Bispgården project.

- Impact on service provision and the quality of life: the most immediate and visible impact of
  cooperative and local development work relates to the original reason behind the cooperation –
  to cover the gaps left by a declining public sector, by providing social services and reversing
  the negative migration trend. For example, cooperatives have been very successful in
  maintaining or improving services, in childcare, care for the elderly, education, transport and
  infrastructure services, information and consulting services, and cultural services. By having an
  impact on the local cultural, leisure and service activities, social capital has also had an impact
  on quality of life in general. It has improved the image of villages like Husa or Bykontoret I Lit,
  by making them attractive places to live and providing viable job opportunities and proper
  services to people living in the area.

- Impact on local development: the impacts mentioned have taken place, mainly at local level.
  Population trends improved, employment increased, there was a proliferation of new small-
  scale enterprise and a subsequent growth in local production. The development of the social
  economy, with the aim of maintaining or creating social services, has also had a stabilising
effect on local economic development and has prevented people from moving away. In villages
  with strong cooperative traditions, job opportunities increased as a consequence of local
  economic development. Also, in villages with sound and healthy industries, there was a
  foundation on which community development, in a more general sense, could be built, as was
  the case in Bispgården.
Links between social capital and regional development

The results of initiatives in Jämtland, carried out through structures that represent the social capital of the region, are clearly more visible at local level. The greater number of new cooperatives and local development groups is an indication of, what is called, ‘a new form of network-based capitalism’. This method of expansion favours reliance on local resources and on local networking, and it refers to a process of local economic development as a result of citizen mobilisation.

One of the factors, at local level, that links social capital to local development is synergy. There are two forms of synergy identified in the case of Jämtland:

■ synergy in local development planning, as experienced in municipalities like Bräcke, where village development groups, the municipality’s politicians and officials acted in synergy in the municipal development plan;

■ synergy in enterprise development, the best example of which is cooperatives, where individual firms collaborate to buy certain services together, find solutions to common needs, and prevent each other from being isolated. The firms that engage in cooperatives in Jämtland are similar in the way they all want to support themselves, in order to stay in the area. Synergy is therefore beneficial, as they share overhead costs, accounting, computer services, advertising, training, etc.

These types of local development outcomes can of course be aggregated to regional level – but the approach to delivery of initiatives has been highly localised – working with local cooperatives or local development groups.

We can, however, distinguish a number of elements that provide links between social capital and regional development:

■ new businesses, creation of new jobs and population growth are all forms of regional development;

■ local development work is a component in strengthening competitiveness of a municipality or region. The existence of local development initiatives in various municipalities in Jämtland enhance its prospects for improved competitiveness;

■ research in Sweden indicates that firms that locate in a particular region experience problems if they do not have good relations with other actors in the area. This indicates a positive link between the regional attachment of firms and regional development. In Jämtland, firms that have re-located to the area have also developed cooperation and links with other firms and actors in the region;

■ active local development groups have managed to access regional development programmes in Jämtland (the LBA in Bispårarden). In this way, the local partnership becomes part of a wider development system – i.e. the region.

Reference to this description is found in The social economy – A lever for local economic development, by Ann-Mari Sätre Åhlander.
Drivers for regional social capital

Given the broad reference in the literature to conditions conducive to social capital development, it has been decided to concentrate on three key requirements and to identify to what extent these are fulfilled, in the case of Jämtland.

Interaction of actors, whose primary objective is cooperation in the common interest and whose rules may be explicit or implicit, but are consensual. Necessary conditions in the case of Jämtland include:

- cooperation between many actors is crucial, if the creation or preservation of jobs is to be the outcome of local development work;
- interaction should include not only the civil society, but also the productive or business sector, which are fundamental for competitiveness and innovation;
- links that are too weak can create heterogeneity, while links that are excessively strong can create too much homogeneity, which in turn can lead to inflexibility. Some of the most important qualities of social capital, for the promotion of new entrepreneurship, are diversification and a capacity for reconstruction. This is precisely what the new cooperative movement in Jämtland is about;
- local development groups must be acknowledged by the system e.g. the Bräcke local development groups. To achieve its aims, a local development group needs positive links to local decision-makers and to other development groups;
- the existence of some actors that move between different groups and have contacts at decision-making level play important roles in the process of information flow and development of contacts. The CDA or the adult education association in Jämtland are such actors.

The principle of trust, on which norms and behaviour are based, dictates that individual action in the present can be expected to produce a collective result in the future. Elements of this condition in Jämtland include:

- common identity and elements of a shared value system;
- places that have a history of active social life appear to be ‘strong’ where the development work is concerned;
- relations between local development groups and local cooperatives with public authorities should be based on trust. Social dialogue and democracy in decision-making has proved to be fundamental in developing trust and in allowing civil society to have an input in the development process.

The existence of an institutional structure that facilitates and encourages joint action and provides instruments and incentives. Evidence from Jämtland includes:

- public level structures must provide the necessary social and financial support;
- the existence of bodies that function as nodes in the networks between the villages and the municipal administration (the CDA) are actually a result of political actions; and even if their
work is independent of the public sector, they rely on it for funding. It is important, therefore, that the public sector financially supports the activities performed by such advisory organisations. In Jämtland, the public sector has clearly provided the financial instruments that back these actors at intermediate level. It is a way of filling the vacuum that exists between citizens and the authorities:

- public authorities, at both local and regional level, must be supportive of local initiatives, stemming from local cooperation structures, like cooperatives and local development groups.
Lucena, Province of Córdoba, Andalucia, Spain

Context

The region of Andalucia in Spain was chosen as a case study, as it is an Objective 1 region, characterised by cooperative and associative traditions, and offers good examples of social capital mobilisation. However, the region is vast for the purposes of this study and it was decided to focus on the smaller geographic unit of Andalucia. Some literature research was carried out, as well as consultations with the University of Sevilla, whose Institute for Regional Development has been researching social capital in Andalucia. As a result, the Province of Córdoba, and more specifically, the municipality of Lucena, was identified as a good example of social capital in practice. The choice of a smaller geographic unit allows for a more detailed view of relevant issues and the uses of social capital, and permits a more accurate assessment of its impact. Interviews with actors, whose activities cover the whole Province of Córdoba or the whole of Andalucia, provided information, which facilitates an assessment of social capital at regional level.

Lucena is a municipality in the South of Córdoba, located in a traditional rural zone. Its population is just over 35,500 inhabitants and covers an area of 348.8 km². The area is characterised by very strong growth, although it belongs to one of the poorest regions in Spain. An investigation into the reasons behind this growth and the role that social capital may have played provided the starting point of the study. The aim was to look for links between social capital and the reduction in unemployment, social inclusion and economic development; characteristics which make Lucena unique in Andalucia. The main reasons, therefore, for concentrating on Lucena are as follows:

- it demonstrates positive socio-economic factors, like a positive trend in population growth, including an influx of young people with a desire to live and work in the area; and a lower rate of unemployment than in either Córdoba or Andalucia;
- it is located in a rural area with very strong industry, particularly furniture manufacturing. The percentage of the population employed in industry is 29.1%, much higher than that of the province (17.6%) or of Andalucia (15.7%). Employment in the service sector is relatively high (37.1%) but this is less significant when compared to that of the province (52.1%) or of Andalucia (59.4%);
- the industry is characterised by relative diversification and strong growth – a rise of 87% was recorded in registered industrial businesses between 1985 and 1995; this included some very large enterprises, employing around 200 people, which is significant considering Lucena’s rural context;
- the industrial sector is an important source of employment, for instance, the wood and furniture sector represents 53% of employment in the area;
- it has a very strong associative and cooperative culture, evident in the large number of associations and cooperatives. There are many examples of associativity, cross-sector cooperation, both public and private, in addition to relations based on trust and the working towards mutual goals.
Concept of social capital and practical relevance for policy

Social capital, as a concept, is generally familiar to both public sector and key actors in enterprise or community associations. A diagnostic study for the strategic plan of Lucena, recently developed by the municipality, included specific reference to social capital, its dimensions and usefulness, with a comprehensive description of practical experience in the town. This is an indication of the importance assigned to social capital in the formulation of local development strategy.

Depending on the definition of social capital, its practical relevance varies, for instance:

- if social capital is understood as the resources available to an individual for participation in certain social networks – such as access to useful information and capacity to organise oneself in the face of common problems – then Lucena possesses an ample basis for social capital. This is also related to the existence of traditions and values that are typical in traditionally rural societies;

- if, on the other hand, social capital is understood as the attitudes and values that enable individuals to relate to each other, and the degree of trust in those relationships, the situation is quite different. Despite the fact the Lucena possesses an important associative element, which is directly linked to the development of trust and to social capital, the majority of associations represent individual interests; moreover their members are not active, do not participate in the solution of common problems and there is little cooperation between these associations and the rest of citizens and institutions.

The analysis that follows addresses both these definitions by focusing on two aspects of social capital: social capital in the productive sector and community social capital.

Various actors in both Lucena and Andalucia, generally regard Putnam’s definition as limited, as it focuses on the micro-level and inherent characteristics of social organisation. Here, the issue is about using the existing deposit of social capital in order to solve problems. This ‘deposit’ can be found among individuals, companies and public authorities, and it is important, not only at local level, but also at the supra-local level. Institutions in Lucena promote and support cooperation beyond the local, municipal level. In this context, the operational definition for social capital can be regarded as appropriate.

Social capital is, therefore, of practical relevance for enterprise related activities, employment and social integration. This is demonstrated in the work undertaken by enterprise associations such as:

- the employment-oriented actions of the Territorial Employment Unit;
- the objectives and actions of institutions targeting women – the Women’s Delegation, the Municipal Information Centre for Women, the Local Women’s Council;
- immigrants – the Equality Delegation of the Province;
- young people – the Development Delegation, and the Professional Training Centre.

Social capital is also relevant for development of the territory, although empirical research does not yet explain how to generate social capital and use it in a systematic way for regional development.
Use of social capital

Social capital is used as an instrument and as a mechanism for collectively solving common problems. That is why the capacity for creating and supporting production and social networks is important.

Lucena has a strong associative tradition, and traditional values form the basis of its social capital repository. Policy initiatives have mobilised and utilised this repository in a productive way, to promote socio-economic development. Social capital in Lucena has been used to promote enterprise creation and employment; it also addresses social neighbourhood and municipal issues, for example, promoting gender equality and social integration of women, improving the capacities of young people, enabling businesses to reap the benefits of innovation. Its use, therefore, goes beyond the pursuit labour market objectives only.

Applicability of social capital at local and regional level

This case study offers more practical examples of social capital at local level. Social capital is applied locally through the work of the associative and cooperative sector, and, more recently through local strategies and local governance structures. However, by working through the bridging dimension, which is at the core of associations and cooperatives, it also focuses attention on the need to build connections outwards (bridging at regional level) and upwards (linking with regional level institutions). For instance, Lucena is already used as an example by other towns in Andalucia. Its remarkable growth in a relatively ‘poor’ context has attracted the attention of policymakers and researchers in Andalucia, who try to learn from the ‘Lucentine’ example of using productive and community resources as a lever for economic development.

In order to share its positive experiences at regional level, Lucena is promoting a network of cities in Andalucia, called the ‘RADEUT’ network. Members of this network develop strategic plans that include a social capital approach to development, and allocate investment for its development and use. RADEUT aims to have its own voice in Andalucia, and cities involved in the network cooperate in the development of their plans, and exchange experiences. One of the objectives is to use social capital as an instrument for action in their individual territories.

The work of associations and cooperatives could also lead to the development of upward links with other associations and cooperatives in the province or region. However, there is no evidence at the moment of any such links. Associations tend to be highly localised; therefore, the most dynamic sectors tend to be those with the greatest capacity. They tend not to use this capacity for further networking, however, largely because of the ‘individualist’ culture of some members.

Benefits of social capital

In order to analyse the benefits of social capital, it is important to distinguish between two sectors: the productive sector, where business associations and cooperatives have emerged; and the community sector, where associations have a social remit.
Benefits of social capital to businesses in the productive sector, relate to:

- reducing uncertainty for enterprises in the network or association, by providing strategic information to its members and acts for their common benefit;
- capacity to innovate – by taking part in a network, businesses can learn from each other and transform collectively acquired information into knowledge and innovation. This can have an impact on their competitiveness at regional, national and European level;
- exchange of experience, especially in rural cooperatives, where activities aim at exploiting each other's knowledge;
- creation of employment, where the collective organisation of production for third parties provides members with employment opportunities;
- capacity-building when there are links to public or other institutions that offer specialised or professional training to members of associations and cooperatives; the Escuela Taller offers training in technical skills, and the CEMER association offers specialised training to people in the furniture and wood sector.

Benefits of social capital to the community, relate to:

- capacity to engage in community and public life, through improved access to information and advice, and the provision of channels that enable representation in public consultation procedures and forums;
- provision of services, for instance, training, information, counselling services, cultural and tourism services;
- building community spirit, which is not necessarily lacking in Lucena, but needs to be further promoted, in order to combat the individualist culture that is present, especially in businesses.

There are also benefits to individuals, for instance:

- improved employability through access to professional training and capacity-building; this is particularly relevant for low-skilled workers, for those who need to update their skills to increase employability, for a specialised industrial branch, and for women who want to enter the labour market;
- social integration and inclusion, as a result of belonging to a group and participating in its activities; women's associations, for instance, have this characteristic, as do 'solidarity' associations, working for immigrants, children, people with low income, etc, or those working with physically or psychologically disadvantaged people;
- employment opportunities – although unemployment is not a major problem in Lucena, associations, cooperatives and various public and EU programmes can offer direct or indirect employment. This is particularly useful for women who have spent time away from the labour market;
- developing women's entrepreneurial culture, through participation in associations; this is an objective of the 'equality plan' of the women's delegation of the municipality, or of EU programmes like EQUAL that promote gender equality by giving women the necessary tools to develop business ideas and to become more economically self-sufficient.
Dimensions of social capital

All dimensions of social capital – bonding, bridging and linking – are considered to be particularly appropriate and are applied in decision-making and analysis of policy interventions.

Bonding is very strong in Lucena, as is evidenced by the large number of associations with high membership levels and a specific identity: examples include the association for entrepreneurs in the wood sector, and neighbourhood, religious, environmental and youth associations. The following table provides a summary of the type of associations and the number of members in Lucena:

<table>
<thead>
<tr>
<th>Type of association</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community social capital</td>
<td></td>
</tr>
<tr>
<td>Religious associations</td>
<td>32</td>
</tr>
<tr>
<td>Neighbourhood associations</td>
<td>21</td>
</tr>
<tr>
<td>Parent associations</td>
<td>17</td>
</tr>
<tr>
<td>Environmental associations</td>
<td>4</td>
</tr>
<tr>
<td>Youth clubs</td>
<td>16</td>
</tr>
<tr>
<td>Sports clubs</td>
<td>49</td>
</tr>
<tr>
<td>Cultural associations</td>
<td>27</td>
</tr>
<tr>
<td>Solidarity groups</td>
<td>11</td>
</tr>
<tr>
<td>Self-help groups</td>
<td>11</td>
</tr>
<tr>
<td>Women’s groups</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>203</strong></td>
</tr>
</tbody>
</table>

Source: ‘Diagnostic of the Lucena strategic plan’, Municipality of Lucena

Bonding is strong among members of community associations, although it is less evident in the productive sector, where some associations consist of more individualistic members, and where the motive for cooperation is purely monetary.

An analysis of the links and relationships between actors of various types of associations reveals a variable picture of bridging social capital.

Evidence of strong bridging between actors includes the following examples:

- formal links between entrepreneurial associations at provincial or regional level, e.g. the association of entrepreneurs in the wood sector in the province of Córdoba (UNEMAC), and the confederation of entrepreneurs of Córdoba (CECO);
- positive informal links between the tourism association (ATUL) and association of service enterprises (ALCOS);
- the wood sector offers many examples of bridging links at local level, such as enterprises, public administration, and training authorities;
- among the other sectors – freezing, bronze-metal, commerce, and tourism – there is some bridging between local level actors and entrepreneurs, but vertical links at provincial level

11 Addressing disadvantaged people such as immigrants, low income groups, etc.
12 Addressing people with a physical or mental disability.
(LINEMAC) or at regional level (Junta de Andalucía, and the IFA Agency for Regional Development of the Junta de Andalucía) dominate;

– the Escuela Taller has developed positive links with enterprises, associations and NGOs that facilitate the development of training packages, to match supply and demand in the market, and with the support of the municipality;

– a network of professional orientation centres around the region of Andalucia, called the ‘Andalucia Orienta’ initiative, is coordinated by the Lucena centre;

– the private financial institution, ‘La Caixa’, has developed bridging links with local associations that represent disadvantaged groups, and provides support through its social foundation.

There are also examples of ‘negative bridging’, for instance:

– the agricultural associations, ASAJA and ASOARAS, are the result of a division in 2000, which split farmers into two distinct associations that have competing and conflicting links;

– the entrepreneurial association, ALCOS, which is comprised of commercial and service enterprises, was created after a series of disagreements within ACEL (incorporating enterprises from all sectors). The two associations have similar aims, but they do not work together to offer services and obtain mutual benefits from common action. The lack of coordination and cooperation on important issues, like the creation of an open commercial centre, is an indication of the work that has yet to be done in the area, in order to achieve positive horizontal links;

– there is generally a deficit in the provision of instruments that facilitate cooperation between associations, particularly in the productive sector.

Despite the local focus of this case study, it is interesting to discover the existence of positive vertical links, which is an indication of linking social capital and of the relevance of the concept at regional level. A wide range of actors take part in the decision-making process in Lucena. More specifically:

– all sectors experience formal vertical links with public administration, especially regional development and training departments;

– the wood sector has the richest network of both horizontal and vertical links. This permits the creation of innovation networks and the development of common commercial or technical projects, that consolidate the sector and improve its competitiveness at regional, national and even international level;

– specific initiatives that promote linking include: the creation of an innovation and technology centre by CEMER, for the wood and furniture sector in Andalucia, to provide an interface between entrepreneurs and the public sector; and the interface provided by the Municipal Centre for Women, which links women’s associations, especially disadvantaged groups, with public administration;

– some associations are themselves interfaces for linking between different actors, for instance, CEMER acts as an interface between associations of enterprises, public administration and the university.

However, relying only on vertical links is not enough. For instance, the tourism and agriculture sectors, where vertical links dominate, while bridging links are almost non-existent, cannot reap the benefits of cooperation, nor improve competitiveness through working together.
Policy implications

Lucena provides a good example of how social capital can be used as a tool in local initiatives. Interviews confirm that the concept is generally well understood and that its usefulness is recognised by key actors. The diagnostic for the strategic plan of Lucena dedicates a substantial part to the analysis of social capital in the area. Officials in the municipality also confirm that future policy planning will take social capital into account.

There are different types of interventions and initiatives, promoted locally, regionally or in the context of European programmes. A distinction can be made between the following spheres of intervention:

- support for capacity-building – there is a vast range of initiatives, which includes professional training for the unemployed, capacity-building for women and immigrants, and technical skills for those employed, or wishing to obtain employment in the productive sector, for instance:
  - the training centre of the municipality, FPO, with ESF funding at 60%, offers training and complements existing skills; courses are developed around administrative, commercial, risk prevention issues, new technologies, etc;
  - the Escuela Taller offers formal training programmes to the unemployed. Funding is available from ESF and is managed by the Junta de Andalucia; the municipality promotes the initiative and offers material support, while contacts with associations are developed in the context of fieldwork of the trainees;
  - the OPEM programme, in which the province of Córdoba and various municipalities participate, offers training and professional orientation to women, with funding from the Junta and ESF;
  - the Grisol programme, promoted by the Delegation of Equality of the Province of Córdoba, is targeted at immigrant women and offers capacity-building, information and advice, as well as training placements;
  - the Lucena ACOGE association offers training courses to immigrants working in the wood and furniture sector;
  - CEMER's centre for professional training in the wood and furniture sector provides specialised training to people throughout Andalucia, who want to work in the sector; topics include industrial manufacturing, new technologies and other more specialised technical skills;
  - the social services and employment delegations of the municipality also organise training courses, to improve skills and promote integration of less advantaged groups, like the unemployed, young people and women;
  - women are also offered training and advice by the Municipal Information Centre for Women, on topics like personal development, new technologies;
  - in the context of EQUAL, there are various projects that include partners from Lucena and the province in general; for example, training is provided to rural women to improve their skills and to enable them to adapt to labour market needs;
  - other EU programmes, e.g. Leonardo da Vinci, Adapt, Socrates, have also funded networks that provide various training programmes to help improve skills.

- professional orientation is offered by many of the initiatives mentioned that provide training and capacity-building. Professional orientation is particularly relevant for women and immigrants. The service for professional orientation, ‘Andalucia Orienta’, located in Lucena, is
an initiative of the Junta de Andalucía, (Employment and Technological Development Council), that aims to improve the employability of the active population in Andalucía, through advice on job searching.

- support is also available for enterprise creation, but this is targeted specifically at the less advantaged, i.e. women, the young and immigrants, since enterprise creation is not a problem in Lucena. Actions in this sphere are promoted by the municipality development delegation, the Municipal Information Centre for Women, and European programmes like EQUAL.

- the most innovative initiatives are those aimed at competitiveness in the industrial sector. Examples include CEMER’s initiative to create a technological centre, to promote innovation in the wood and furniture SME sector in Andalucía. This will be developed, based on cooperation between numerous local and regional actors: CEMER, the institute for development in Andalucía, the employment council, the University of Córdoba, the municipality, the enterprise association UNEMAC, and the confederation of furniture entrepreneurs in Andalucía. This is a pioneering initiative capable of promoting innovation.

**Specific policy approaches found in interventions and initiatives**

**Partnership**

Although associative culture is strong in Lucena, partnerships between actors are not common. They tend to exist outwards, towards others in the region, or towards other regions or countries, in the context of European programmes. Many associations compete for funding and most relationships between them are unidirectional. If bilateral or multi-lateral relationships exist, they are only temporary, i.e. reflecting collaboration on a specific matter with no continuity. There are only a few associations that work in partnership with the municipality, like women’s associations or cultural ones, but again, this is often because they have been created by the municipality.

In the productive sector there is greater interaction, although this is not always translated into cooperation. As stated earlier, relationships tend to be purely mercantile, while in some industrial sectors, like freezing or bronze-metal, relationships are non-existent or scarce.

The municipality is committed to promoting partnership, and intends to include in its strategic plan, actions that favour partnership between various actors. A good example of partnership, still under development, is the structure for the Technological Centre of Andalucía, which aims to group enterprises, local, provincial and regional administration and other agents, like training centres, together.

**Governance**

The institutional framework and relationships between agents and institutions help to determine governance in the territory, through decision-making processes within formal and informal mechanisms. The strategic plan of Lucena revealed some interesting aspects related to governance. Although the municipality is considered to be the institution that is closer to the citizen, it is the least trusted institution when compared to other regional and national level public institutions.

The public sector offers mechanisms for civil society participation, through the Delegation for Citizen’s Participation and various councils like the Economic and Social Council, that take on
board the opinions and recommendations of the representatives of the civil society. The evidence regarding the extent to which these councils actually work is contradictory.

**Promotion of employment**

Although, as stated earlier, unemployment is not a major problem in Lucena, the promotion of employment is part of local and regional policies. For instance, the Territorial Employment Unit is dedicated to actions supporting professional orientation and employment in Lucena and the wider area. Also, local associations or European programmes include employment as one of their targets.

**Role of local and regional actors**

In the case of Lucena, there is a distinction between the role of public sector and other actors.

*Public sector actors* are important for employment promotion. The enterprises provide employment, largely as a result of active policy to create labour demand, and to ensure that there is an adequately skilled labour supply. The most relevant institutions for employment are the Junta de Andalucia, which is also the main channel for ESF funds, and the development department of the municipality. Although it has no funds of its own, the Junta de Andalucia plays an active role in the promotion of initiatives, by being close both to potential beneficiaries and to employment providers, such as private enterprises, the Andalucia employment service (SAE) with representation in various localities, and the national employment institute (INEM).

It is interesting to note that public actors from all levels – local, regional and national – have an important role to play in local development in Lucena. An analysis of the relevance of public institutions for local development, carried out in the context of the Lucena strategic plan, reveals the following institutions in order of relevance:

- the municipality is the most relevant institution for local development, due to its closeness to citizens and entrepreneurs;
- the Junta de Andalucia plays a key role in the development and funding of initiatives that influence the innovation system, such as providing support to the CEMER centre for professional training, and to the technological centre for innovation in the wood and furniture sector; the Junta also finances and promotes initiatives for capacity-building for groups such as the unemployed, women, and young people, through local representation, like the Escuela Taller (see Evidence of policy interventions and initiatives);
- the National Employment Institute (INEM) plays an important role in nurturing entrepreneurial skills, through training programmes and employment support;
- the Province of Córdoba is also an actor in the local production system, but its role is limited – most funding and initiatives come from the Junta;
- the Regional Development Agency belongs to the Junta de Andalucia but acts independently and plays a role in funding initiatives related to innovation, modernisation and business expansion;
- the national Ministry for Development, plays a role as a provider of basic infrastructure in the area;
the Mancomunidad de la Subbética\textsuperscript{13} plays a role in employment, tourism and environmental actions for the group of municipalities it represents, and its role in the local productive system is limited.

Non-public sector actors are important agencies for the development and delivery of various actions in the field of employment, inclusion and economic development, more specifically for:

- enterprise creation and support – legal, fiscal, financial – to entrepreneurs;
- the provision of information, advice and counselling to entrepreneurs like CEMER, ACEL, and UNEMAC, and to community groups, such as women’s and youth associations;
- capacity-building in the productive sector – CEMER, UNEMAC, ACEL;
- inclusion of less advantaged groups, such as a large number of associations working with specific groups;
- the development of projects that contribute to local development (see policy interventions and initiatives);
- the promotion of innovation and modernisation of production, a key role for CEMER.

One of the most important roles for actors in Lucena is mobilisation of the local community and of the productive sector, and the development of cooperation links, horizontal and vertical. Examples of such links have already been mentioned. Some institutions and actors have been more active than others in promoting links for mutual benefit. Sectors like wood and furniture, which have a dense network of links, have been more dynamic in their development process. Although these links are not always efficient, they are an indication of the importance of actors in local development processes.

In relation to innovation, public administration plays a key role through the provision of innovative policy instruments; however, it is fundamental that other economic and social actors develop an active role. The Junta facilitates these instruments, but as a public institution it is highly bureaucratic, moves slowly and is remote from the final beneficiary. The role of CEMER in innovative action has been fundamental for mobilising entrepreneurs. The Junta, therefore, provides the necessary policy instruments, enabling CEMER to act flexibly, while the closeness of CEMER to entrepreneurs helps the Junta to understand the reality. In this context, synergy is beneficial.

Role of social partners

There are ten trade unions in Lucena, the most representative one being ‘Comisiones Obreras’ (CCOO) – the Workers’ Commission. CCOO provides training and advice and plays a key role in combating social exclusion, as it also represents immigrants, which account for a fourth of the total membership. It also provides a formal link with the municipality, to give advice to immigrants, thus contributing to their inclusion in the area.

\textsuperscript{13} This is an administrative level that is larger than a municipality and smaller than a province. In fact, it is a group of municipalities.
The majority of employers in Lucena are represented through ten enterprise associations. These associations contribute to training and capacity-building, provision of information, advice and access to new technologies. The association of women entrepreneurs contributes particularly to the inclusion of women in the sector, by supporting women in reconciliation issues, confidence-building, funding for enterprise creation, and general advice.

One of the most active enterprise associations is UNEMAC, which groups entrepreneurs from the wood sector and offers a wide range of services, from information to training. It covers the whole Province of Córdoba and consists of 278 members, 195 of which are based in Lucena. The main aim of the association is to promote the importance of the wood sector as a source of employment and as a key industry in the area.

Impact of social capital on beneficiaries

The impact of social capital in associations and networks of actors is both tangible in relation to infrastructure, development projects, finance, etc, and intangible in relation to development of human capital – capacity-building, cooperation, trust, and representation, etc. The following categories of impact have been identified:

■ **Impact on inclusion and equality**: the work of associations that focus on less advantaged groups, or on common issues such as the environment and culture, has made the local community more dynamic and promoted a sense of identity amongst its members. In addition, public sector interventions, like capacity-building for women or immigrants, have also achieved social integration of these groups. Actions that focus on gender issues, for example, have helped to improve the situation of women and have had a positive impact on self-esteem for women – another indicator for social inclusion.

■ **Impact on employment and enterprise creation**: capacity-building actions have not only improved the skills of trainees, but have also facilitated their integration into the labour market, for instance: 73% of students in the 'escuelas taller' in Lucena have found employment that matches their original training skills and around 15 new enterprises have been created by trainees of the same 'escuelas'; the majority of young trainees at the municipality training centre find jobs either during their work placement, or after the training period.

■ **Impact on capacity-building/employability**: many of the initiatives and the work undertaken by various actors in the field of capacity-building have had an impact on improving skills and qualifications, both for workers in the productive sector and for other groups in the community, primarily young people and women.

■ **Impact on mobilisation and cooperation**: some associations have managed to mobilise local and regional actors, to develop common projects, like CEMER’s technology centre for innovation in the wood and furniture sector; in this instance, CEMER who managed to mobilise a wide range of actors to actively participate. Local community associations, such as women’s associations, have also achieved mobilisation of the groups they represent; for example, neighbourhood associations have mobilised members to think collectively and beyond neighbourhood issues, and have promoted cooperation with the municipality and the commercial sector.
Impact on local development: all of the impacts just mentioned have taken place mainly at local level, and they are conducive to local development. The impact of these actions, targeted at promoting innovation in the productive sector, help to improve competitiveness and to contribute to local development.

Links between social capital and regional development

Although social capital mainly refers here to the local level, its relevance at regional level has also been considered. Social capital developed at local level can have regional relevance. The process of developing, and using social capital and mechanisms that work at local level, can also be replicated at regional level. For instance, innovation in productive systems, through cooperation of enterprises, has contributed to local development in Lucena. Can the same process achieve regional development? A brief description of how social capital and innovation are linked to regional development is provided here.

Regional development, in traditional terms, is determined by the existence of natural resources, labour and capital, which are combined in economic production units and contain a certain level of technology. The development process can depend on the quantity and quality of the conventional, productive resources that are available. However, in modern society, development might depend, not only on conventional resources, but also on factors including: society's capacity for self-organisation, the acquisition of information, the assimilation of knowledge, economic management skills and financial structure, innovative spirit and a common sense of standards of cooperative behaviour, its willingness to cultivate civic engagement and business partnerships, and its success in institutional building. All of these are intangible community assets, which enable communities to develop their own resources, whatever these may be, and to find markets for their products.

Although Andalucia is an Objective 1 region, it has already reached a level of development that does not allow for improvements in competitiveness, relying instead on lowering of wages or cutting the costs of raw materials. The economic boom in Lucena was associated with the wood and furniture sector, and took place at a time when production focused on low-skilled labour and low-cost production. This will not improve competitiveness in the modern era, however, when quality, not price, and the incorporation of modern high technology are the factors determining competitive advantage.

Instead, competitiveness could be improved by learning to use the information and knowledge available, to maintain the innovative tension and to raise productivity, thus improving the region's strategic position in the markets. Learning to innovate should therefore become a priority in areas that have attained a certain level of development. The process of learning to innovate can be achieved with social capital. If it is assumed that 'social capital is a collective, civic, intangible, shared, relational asset, and consists of the quantitative and qualitative sum of individual human capital, then it is also the capacity of a social group to acquire information, incorporate it in economic processes and manage these processes in a way that information is transformed into knowledge and knowledge into action'.

In this context, cooperation of enterprise, in the case of Lucena, contributed to local development
through innovation. Innovation in Lucena concentrated on processes, products, marketing, management and organisation. The town that was known as ‘the town of cheap furniture’ became the ‘the town of furniture’. This is the key lesson that Lucena can offer with respect to innovation processes. The experience can be used in two ways:

- to improve cooperation between enterprise and institutions and to further improve competitiveness through local development;
- to expand this experience beyond the local level to achieve, with the same process, regional development.

The more agents that participate, and the more developed the relationships between institutions are, the more this favours the creation of innovation networks and common technological and commercial projects. These in turn stimulate collective learning and strengthen the economic sector, enabling it to compete with productive systems in other contexts.

**Drivers for regional social capital**

Given the broad reference in the literature to conditions that are conducive to social capital development, it has been decided to concentrate on three key requirements and to identify in the case of Lucena, to what extent these are fulfilled.

*Interaction of actors*, whose primary objective is cooperation in the common interest and whose rules may be explicit or implicit but are consensual. Necessary conditions in the case of Lucena include:

- relationships between actors that should guarantee mutual benefit, otherwise they may fall apart;
- the development of networks that are driven by the need to resolve common problems, rather than the pursuit of individual initiatives;
- relationships that are dominated by concern for collective benefit and not by utilitarian motives;
- the necessary infrastructure, both physical and financial, which must be available in order to facilitate interaction.

*The principle of trust* on which norms and behaviour are based, and which dictates individual action in the present, can be expected to produce a collective result in the future. Elements of this condition in Lucena include:

- cohesion and trust, as basic elements for developing common projects for collective benefit, for example, the technological centre;
- social values and local culture that are favourable to the creation of enterprises in the territory;
- the transmission of inter-generational values for employment patterns;
- strong cooperative spirit and values: individualistic culture can be an impediment to efficient cooperation, and although it does not limit cooperation, it does not lead to mutual benefit either;
- the closer public institutions are to the citizen, the higher the level of trust;
- groups that are most favoured tend to show greater trust towards public institutions, than those less favoured;
- development of relationships between beneficiaries and officials in institutions also determine the level of trust.

A key piece of evidence from Lucena is that the sector with the highest number of actors and institutions, and the highest number of relationships developed between them – a dense network of links – experienced the most dynamic development.
Summary of findings

Although this is not a comparative study and each of the case studies examined has a different context (geographic, demographic and socio-economic), an attempt has been made to group the findings, in a way that is consistent with the main themes of this report, i.e. the concept of social capital and its relevance to:

- target groups in disadvantaged areas;
- policy interventions and initiatives in the field of employment and social inclusion, their spheres of action, the role of actors in the development and implementation of these policies and initiatives, and the main pertinent policy approaches;
- the impact and efficiency of interventions and initiatives, to reach disadvantaged groups and achieve their targets.

In this analysis, the focus is on social capital at local and regional level, and the aim is to explore its relevance and its contribution to regional development.

The following table summarises the main findings. It is important to interpret the results, without making comparisons. The objective should be to examine what makes social capital ‘work’ and to identify the conditions required for it to be effective in policymaking and implementation. The section after the table provides a summary of the main findings.
<table>
<thead>
<tr>
<th>Case study 1: Crete, Greece</th>
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<th>Case study 6: Lucena, Andalucia, Spain</th>
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</thead>
</table>

**Concept of social capital**

**Relevance**
- Relevant for employment, social inclusion, equality of opportunities and enterprise creation
- Relevant for inclusion and understanding, employability, paths to employment, enterprise creation, equality and peace building
- Relevant for employment and social inclusion; low level of knowledge of the concept
- Relevant for employement, regional development, inclusion and gender equality, enterprise creation
- Relevant for local economic development, understanding exclusion, employment process
- Relevant for employment, social integration, enterprise related activities, and economic development

**Use**
- An instrument for policy
- An instrument for policy
- An instrument for policy
- A means and an end; in practice, so far, as an instrument
- An instrument for policy

**Local level applicability**
- Practical applicability at local level
- Practical applicability at local level
- Applicability at local, sub-regional level
- Practical applicability at local level
- Strong practical experience at local level

**Regional level applicability**
- Regarded as relevant for regional level, but difficulties in its application
- Weak: lack of regional identity, under-developed regional structures
- Little relevance
- Strong: policy priority in regional development
- Strong potential (regional identity exists), not in practice yet
- Increasingly recognised and promoted by the public and business sectors

**Benefits**
- Inclusion and potential for development
- Communities: inclusion, representation in partnerships, inclusiveness, scaling up cooperation; Individuals: inclusion, employability
- Efficient solution of common problems, promotion of institutional links
- Depends on objective of action: reversing out-migration, employment, business innovation, regional development
- Communities: capacity to engage, participation in partnerships and provision of services; Individuals: employability, inclusion, employment opportunities
- To individuals, the community and businesses; benefits are most evident for innovation and competitiveness (businesses) and capacity-building (individuals)

**Constraints**
- Regional level benefits are constrained by lack of trust and competing relationships
- Social divisions, cultural barriers, uneven distribution of benefits
- Limited knowledge of the concept and of its potential benefits
- Social capital not used explicitly (although its elements are present)
- Public sector practical commitment (not only verbal support)
- Individualist culture and mercantile/utilitarian motives in cooperation
### Synthesis of Case Studies

<table>
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<tr>
<th>Case study 1: Crete, Greece</th>
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</thead>
<tbody>
<tr>
<td><strong>Target groups</strong></td>
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</tr>
<tr>
<td></td>
<td>Typical ESF groups and highly disadvantaged sub-groups</td>
<td>Wide range depending on spatial factors, programme objectives, context and need</td>
<td>Long-term unemployed, low-skilled, elderly</td>
<td>Low-skilled unemployed, women, young; also institutions</td>
<td>All inhabitants; Low skilled, people with low professional qualifications, women, young people, immigrants</td>
</tr>
<tr>
<td><strong>Common characteristics</strong></td>
<td>Social status, geography, socio-economic changes</td>
<td>Religion, politics, culture</td>
<td>Difficulties entering the labour market</td>
<td>Socio-economic and demographic situation</td>
<td>Lack of access to social services, reduced employment opportunities; Identify, dynamic growth in a rural context</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Social inclusion, capacity-building, employment</td>
<td>Acceptance of diversity, values of equality and inclusion, quality of life, access to services and new opportunities</td>
<td>Capacity-building and labour market integration</td>
<td>Capacity-building, support services, new business opportunities, improved labour market perspectives</td>
<td>Building community spirit, improving attractiveness of the region, reducing isolation, creation of local development processes; Integration, community spirit, pathway towards employment, potential benefits from dense institutional links</td>
</tr>
<tr>
<td><strong>Dimensions</strong></td>
<td>Bonding: very strong; Bridging: exists, needs strengthening; Linking: weak</td>
<td>Bonding: strong; Bridging: efficient; Linking: efficient</td>
<td>Bonding: weak; Bridging: well developed; Linking: weak</td>
<td>Bonding: strong among certain groups (women); Bridging: very strong; Linking: strong</td>
<td>Bonding: strong; Bridging: very strong (incorporated in policy approach); Linking: dense but not very efficient</td>
</tr>
<tr>
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<tr>
<td><strong>Policy implementation / methodologies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interventions / initiatives</strong></td>
<td>Mainly EU led, via partnership and networking</td>
<td>Mainly mainstream, Peace, Interreg</td>
<td>Top-down policy with bottom-up implementation through partnership and networking</td>
<td>Mainly EU funded projects (mainstream, EQUAL Leaders+)</td>
<td>Interventions promoted by associations and regional, as well as local actors (mainly ESF funding)</td>
</tr>
<tr>
<td><strong>Aims</strong></td>
<td>Employment and social cohesion</td>
<td>Capacity-building, employability, social inclusion and regeneration, mobilisation and community development, local strategic planning</td>
<td>Capacity-building and social inclusion</td>
<td>Enterprise creation, gender equality, capacity-building, service provision, quality of life, regional cooperation</td>
<td>Mobilisation and community development, provision of services, capacity-building, regeneration, local development and quality of life</td>
</tr>
<tr>
<td><strong>Policy approaches</strong></td>
<td>Local / sub-regional partnerships are developed and effective; Social dialogue mainly horizontal; Policy emphasis on employment</td>
<td>Partnership approach very well developed; Governance in excess: empowerment and social inclusion in decision making; Employment: emphasis on economic outcomes</td>
<td>Strong and active local partnerships; Governance aspects very important</td>
<td>Regional partnership strong in programmes and projects; Dialogue promoted at various levels; Employment is a long-term target</td>
<td>Partnership a key aspect in policy formulation and implementation; Strong emphasis on governance aspects; No focus on employment per se</td>
</tr>
<tr>
<td><strong>Role of actors</strong></td>
<td>Non-public actors key for implementation and coordination</td>
<td>Local actors: strong role in policy implementation; Regional actors: key role in policy development and delivery of government policy</td>
<td>Key role of local actors in understanding needs and adapting policies</td>
<td>Local actors key for generating interest, offering expertise, coordinating initiatives; Regional actors active in strategy development and cooperation</td>
<td>Very pro-active local actors; Very dynamic local base; Regional actors support local networks and input to national policy making</td>
</tr>
<tr>
<td><strong>Role of social partners</strong></td>
<td>Important contribution in recent years in design and implementation of EU/national programmes, especially addressing unemployment problems</td>
<td>Involved in coordination structures of EU programmes and local governance structures. Trade unions active in training and promotion of cross-border cooperation; Business sector active in regional economic &amp; employment development and in strengthening cooperation</td>
<td>Information provision and analysis of the labour market, promotion of cooperation, and leads some multi-actor initiatives</td>
<td>Development and implementation of initiatives/programmes, mobilisation of target groups, capacity-building, information provision, and strengthening cooperation</td>
<td>Businesses are very active partners and very aware of their role for local development; especially in relation to financial contribution and information provision</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Trade unions (esp. workers union) promote social inclusion, while enterprise associations promote cooperation; the enterprise sector plays a key role for local development, promotion of employment and inclusion (esp. of women)</td>
</tr>
</tbody>
</table>
## Synthesis of case studies

<table>
<thead>
<tr>
<th>Key success factors for actors</th>
<th>Capacity and experience; existence of 'leaders'</th>
<th>Reduce bureaucracy; well-developed vertical linkages</th>
<th>Existence of an intermediary structure that mobilises all relevant actors</th>
<th>Capability to generate interest, expertise, coordination skills, strong personalities</th>
<th>Identity, awareness of common problems, creativity, capacity to network</th>
<th>Flexibility of non-public sector to be combined with the instruments/policies provided by the public sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
<td>Local, sub-regional</td>
<td>Local, regional</td>
<td>N/A</td>
<td>All levels but mainly regional</td>
<td>Mainly local</td>
<td>Local</td>
</tr>
<tr>
<td>Types</td>
<td>Social inclusion, employment, role and capacity of non-public organisations</td>
<td>Mainly social inclusion; also employment, establishing importance of NGOs, regional identity</td>
<td>N/A</td>
<td>Capacity building, cooperation, entrepreneurship</td>
<td>Mainly on quality of life, local development</td>
<td>Social inclusion, equality, employment &amp; enterprise creation, capacity building, employability, mobilisation, cooperation</td>
</tr>
<tr>
<td>Social Capital and regional development (in practice)</td>
<td>No clear empirical link</td>
<td>Highly localised approach to delivery</td>
<td>No empirical link</td>
<td>Positive link, although no data available</td>
<td>No empirical link</td>
<td>No empirical link</td>
</tr>
<tr>
<td>Social Capital and regional development (potential)</td>
<td>Via clusters of groups/businesses, sustainable cooperation structures, common approaches and methodologies, adequate social infrastructure</td>
<td>Via scaling up networks, proliferation of partnerships, wider participation in policy, less divisive vision</td>
<td>Little potential. Social capital very much linked to local development</td>
<td>Very strong, via innovation networks and synergy in strategy development</td>
<td>Via expanding synergy, increasing attractiveness of region; strong, visible link with local development</td>
<td>Strong, if local experience is used for regional level cooperation in innovation systems, and if the existing vertical links are exploited</td>
</tr>
<tr>
<td>Conditions for Social capital to 'work'</td>
<td>a: good</td>
<td>a: strong</td>
<td>a: good</td>
<td>a: strong</td>
<td>a: very strong</td>
<td>a: very strong</td>
</tr>
<tr>
<td>b: average</td>
<td>b: average</td>
<td>b: good</td>
<td>b: average</td>
<td>b: very strong</td>
<td>b: strong</td>
<td></td>
</tr>
<tr>
<td>c: weak</td>
<td>c: good</td>
<td>c: good</td>
<td>c: good</td>
<td>c: very strong</td>
<td>c: good</td>
<td></td>
</tr>
<tr>
<td>Social Capital</td>
<td>a: high</td>
<td>b: medium</td>
<td>c: low</td>
<td>a: high</td>
<td>b: medium</td>
<td>c: low</td>
</tr>
<tr>
<td>Potential for Social Capital</td>
<td>Social capital a useful resource to combat unemployment &amp; social exclusion; Applicable locally, increasing regional relevance</td>
<td>Social capital particularly relevant for fighting exclusion and promote equality; Narrow local thinking restricts regional relevance</td>
<td>Social capital seems useful but there is little understanding of the concept</td>
<td>Social capital relevant, especially for inclusion and regional development; Hence the regional level is important</td>
<td>Social capital fundamental for local development; Potential for regional Social capital exists, but is not exploited</td>
<td>Social capital very relevant as a resource for inclusion, employment and local and regional development, although its regional dimension has not yet been exploited</td>
</tr>
<tr>
<td>Overall appraisal</td>
<td>Supportive institutional structure</td>
<td>Need for framework, instruments, awareness raising, support mechanisms</td>
<td>Fruitful efforts towards diversity, cross-sector cooperation and multi-level participation</td>
<td>Need for awareness raising and commitment</td>
<td>Active efforts to develop it; must support innovation</td>
<td>The more dense the network of relationships, the more prospects for development</td>
</tr>
<tr>
<td>Principle of trust</td>
<td>Clear roles, contribution according to experience/knowledge</td>
<td>Equality, human rights, acceptance of diversity</td>
<td>Clear roles/ responsibilities of partners</td>
<td>Internal communication, high level of partner commitment</td>
<td>Common identity, social democracy</td>
<td>Social values, local culture; must improve trust towards public institutions</td>
</tr>
<tr>
<td>Social capital</td>
<td>Via clusters of groups/businesses, sustainable cooperation structures, common approaches and methodologies, adequate social infrastructure</td>
<td>Via scaling up networks, proliferation of partnerships, wider participation in policy, less divisive vision</td>
<td>Little potential. Social capital very much linked to local development</td>
<td>Very strong, via innovation networks and synergy in strategy development</td>
<td>Via expanding synergy, increasing attractiveness of region; strong, visible link with local development</td>
<td>Strong, if local experience is used for regional level cooperation in innovation systems, and if the existing vertical links are exploited</td>
</tr>
<tr>
<td>Social Capital and regional development (potential)</td>
<td>No clear empirical link</td>
<td>Highly localised approach to delivery</td>
<td>No empirical link</td>
<td>Positive link, although no data available</td>
<td>No empirical link</td>
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<tr>
<td>Social Capital and regional development (potential)</td>
<td>Via clusters of groups/businesses, sustainable cooperation structures, common approaches and methodologies, adequate social infrastructure</td>
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</tr>
<tr>
<td>Conditions for Social capital to 'work'</td>
<td>a: good</td>
<td>a: strong</td>
<td>a: good</td>
<td>a: strong</td>
<td>a: very strong</td>
<td>a: very strong</td>
</tr>
<tr>
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<td>b: good</td>
<td>b: average</td>
<td>b: very strong</td>
<td>b: strong</td>
<td></td>
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<tr>
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<td>Potential for Social Capital</td>
<td>Social capital a useful resource to combat unemployment &amp; social exclusion; Applicable locally, increasing regional relevance</td>
<td>Social capital particularly relevant for fighting exclusion and promote equality; Narrow local thinking restricts regional relevance</td>
<td>Social capital seems useful but there is little understanding of the concept</td>
<td>Social capital relevant, especially for inclusion and regional development; Hence the regional level is important</td>
<td>Social capital fundamental for local development; Potential for regional Social capital exists, but is not exploited</td>
<td>Social capital very relevant as a resource for inclusion, employment and local and regional development, although its regional dimension has not yet been exploited</td>
</tr>
</tbody>
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**Table notes:**

- **Actors Interaction**
  - Representation, solidarity, cross-sector cooperation, role of 'leader'
  - Strengthening bridging and vertical links
  - Mobilisation, funding
  - Cooperation of various levels institutions, representation, capacity to reach target groups
  - Very strong, efficient cooperative movement
  - Strong, if local experience is used for regional level cooperation in innovation systems, and if the existing vertical links are exploited
  - Very strong associative movement, but often with individualist motives

- **Principle of trust**
  - Clear roles, contribution according to experience/knowledge
  - Equality, human rights, acceptance of diversity
  - Clear roles/ responsibilities of partners
  - Internal communication, high level of partner commitment
  - Common identity, social democracy
  - Social values, local culture; must improve trust towards public institutions

- **Supportive institutional structure**
  - Need for framework, instruments, awareness raising, support mechanisms
  - Fruitful efforts towards diversity, cross-sector cooperation and multi-level participation
  - Need for awareness raising and commitment
  - Active efforts to develop it; must support innovation
  - Public support for local initiatives and intermediary structures
  - The more dense the network of relationships, the more prospects for development

- **Social Capital**
  - Via clusters of groups/businesses, sustainable cooperation structures, common approaches and methodologies, adequate social infrastructure
  - Via scaling up networks, proliferation of partnerships, wider participation in policy, less divisive vision
  - Little potential. Social capital very much linked to local development
  - Very strong, via innovation networks and synergy in strategy development
  - Via expanding synergy, increasing attractiveness of region; strong, visible link with local development
  - Strong, if local experience is used for regional level cooperation in innovation systems, and if the existing vertical links are exploited

- **Conditions for Social capital to 'work'**
  - a: good
  - b: average
  - c: weak

- **Social Capital and regional development (in practice)**
  - No clear empirical link
  - Highly localised approach to delivery
  - No empirical link
  - Positive link, although no data available
  - No empirical link
  - No empirical link

- **Social Capital and regional development (potential)**
  - Via clusters of groups/businesses, sustainable cooperation structures, common approaches and methodologies, adequate social infrastructure
  - Via scaling up networks, proliferation of partnerships, wider participation in policy, less divisive vision
  - Little potential. Social capital very much linked to local development
  - Very strong, via innovation networks and synergy in strategy development
  - Via expanding synergy, increasing attractiveness of region; strong, visible link with local development
  - Strong, if local experience is used for regional level cooperation in innovation systems, and if the existing vertical links are exploited

- **Overall appraisal**
  - Social capital a useful resource to combat unemployment & social exclusion; Applicable locally, increasing regional relevance
  - Social capital particularly relevant for fighting exclusion and promote equality; Narrow local thinking restricts regional relevance
  - Social capital seems useful but there is little understanding of the concept
  - Social capital relevant, especially for inclusion and regional development; Hence the regional level is important
  - Social capital fundamental for local development; Potential for regional Social capital exists, but is not exploited
  - Social capital very relevant as a resource for inclusion, employment and local and regional development, although its regional dimension has not yet been exploited

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14 The classification is based on the researcher's personal appreciation of case studies.
Concept and relevance

The concept of social capital is relevant to labour market issues, namely employment and capacity-building, but its relevance often goes further; additional examples include peace building in Ireland/Northern Ireland (IRL/NI), or quality of life in Jämtland. However, social capital appears relevant, across the board, in the cases where enterprise creation and the promotion of entrepreneurship were examined.

There is also consensus with regard to the use of social capital, despite geographical and socio-economic differences. In most cases, it is regarded as an instrument of policy; the only exception in this instance is Jämtland, where an innovative approach encourages the development of policy measures, targeted specifically at the development of social capital – an end – in order to increase social capital repositories and to use it as a lever for economic development – the means.

The applicability of the concept is very strong at local level, even if it is not explicitly or consciously used. With the exception of Burgenland, where the emphasis is on regional development, there is no practical experience at regional level. However, social capital is seen as relevant for increasing employment and inclusion, as in Crete, or for promoting economic development, as in Lucena, or quality of life in Jämtland, at both local and regional levels. There are also examples where social capital is promoted at regional level, under the initiative of non-public regional actors, as in Lucena, where they regard it as important for regional dynamism and economic development.

A wide range of benefits are attributed to social capital. There is no specific pattern or form of social capital that is more beneficial than another. It depends on the context, the degree and type of disadvantage experienced in each region, as well as the local and regional needs, and the targets of programmes and initiatives. Interesting examples are provided in the cases of Burgenland and Lucena, where social capital is shown to benefit innovation. This in turn leads to regional development and social capital, improving the capacity of a social group to acquire information and to incorporate it into economic processes, so that information is transformed into knowledge and knowledge into action.

There are constraints in the beneficial use and applicability of social capital. One of the main constraints is the limited recognition that is given to the importance of the concept. Other constraints include lack of trust and competing relationships between institutions, as is seen in Crete and Lucena, and social divisions and cultural barriers, as is seen in the IRL/NI border region. On the other hand, Lucena provides a good example of how the concept of social capital is valued by key public actors and incorporated into public administrative strategic planning.

Target groups and social capital dimensions

Again, there is no specific pattern in relation to target groups. These groups are defined according to the context, such as problems facing the area, and the socio-economic situation that determines degree and type of disadvantage. Examples of target groups include: women in rural areas, young people in areas where socio-economic developments have led to out-migration and reduced job opportunities, and the long-term unemployed living in declining industrial areas.
The benefits of social capital to target groups also vary, depending on the needs of each target group and their context. Benefits can apply to communities or to individuals, and can range from capacity-building and employability, to social inclusion and employment, to building community spirit and enhancing cooperation or community linkages, to quality of life improvements.

In general, all dimensions of social capital are present, although in varying degrees and densities. Bonding is usually strong, reflecting local and regional identities and cultures. Bridging exists in all areas but tends to vary in terms of its efficiency. For instance, it has been very efficient in the IRL/NI region, while in Crete and Hainaut it has been constrained by institutional competition and low levels of trust. There are also examples of positive and negative bridging existing within the same area: in Lucena, for instance, positive bridging links exist between some associations and public administration, however, these are contrasted with negative bridging links between entrepreneurial associations. Linking varies from weak to efficient, from simple to dense, and there are even instances where it is both dense and inefficient.

**Policy implications**

EU funded interventions and initiatives dominate, but there are also good examples of bottom-up initiatives, promoted by local community development groups, as is seen in Jämtland; in Lucena, such initiatives are promoted by community associations, while in Crete, they are promoted by NGOs.

The aims of interventions include employment creation, an objective that is at the core of the current EES. Other aims, which go beyond pure labour market targets, include peace-building and social cohesion in the IRL/NI region, social inclusion in Crete, mobilisation and service provision in Jämtland, innovation in Lucena, and quality of education in Hainaut.

In terms of the policy approaches of interventions and initiatives, partnership is usually an outcome of EU programmes; in general, partnership is efficient and in many cases sustainable, as is the case in Crete, the IRL/NI region and Hainaut. Strong, active partners play a key role in the implementation of partnership policies. Governance aspects are present in varying degrees: in the case of Crete, for example, there is little evidence of governance, while in the IRL/NI region, there is an excess of governance. Empowerment and social inclusion in the decision-making process are important priorities of governance in the IRL/NI region. Social dialogue and participation of civil society are not only recognised as essential elements of the social capital approach, they are also actively promoted in places like Jämtland and Hainaut. Despite the emphasis on employment, in the context of EU programmes and policies, this approach is not always a priority of intervention in the cases examined. It can be an indirect or long-term goal in cases where unemployment is not an important issue, such as in Burgenland or Lucena, and where employment opportunities are important for improving the attractiveness of the area and for reversing negative migration trends, as is the case in Jämtland.

There is, to an extent, a pattern evident in the role of actors. Local actors play an important part in policy implementation, and in the best case scenario, in policy coordination: public sector, regional and national actors, on the other hand, are responsible for the actual policymaking. However, this is changing in areas like Burgenland and Jämtland, where local actors are becoming involved in
policy development, through consultation and social democracy procedures. Local, non-public actors can contribute their knowledge, depending on their closeness to target groups (e.g. Hainaut), or on their mobilisation capacity (e.g. Crete); regional actors, on the other hand, tend to be more effective in promoting cooperation (e.g. Burgenland), or in playing the role of intermediaries for programme implementation (e.g. Crete and the IRL/NI region). However, excessive development and dependence on intermediary bodies for implementation can create too many structures and overlapping of roles, as is the case in the IRL/NI region.

In each of the case studies, social partners, and trade unions and employers, in particular, play a role in programme and project design, as well as implementation. In general terms, social partners offer advice, information, capacity-building, finance and strengthen cooperation. Their active contribution varies, however: in Jämtland, for example, the business sector is a very active player in local initiatives, while in Lucena it contributes to social inclusion, in Hainaut to the analysis of the labour market, and in the IRL/NI region to regional economic and employment development. In Jämtland, trade unions are less active than employers as social partners, with some trade unions being very weak players. In the IRL/NI region, however, trade union organisations have been active in initiatives for unemployed people and for other target groups, and have contributed to the promotion of cross-border cooperation.

The contribution of social partners also varies, depending on the problems facing the area. They play an important role in the provision and spread of information, in areas with serious unemployment problems, such as Crete. They also play a significant role in programmes that address unemployment, particularly in areas with poorly coordinated institutions, such as Burgenland. The social partners also contribute to mobilisation of actors and to strengthening cooperation, in areas with an important industrial tradition, like Lucena, by promoting cooperation and strengthening the industrial tissue. In cross-border areas like IRL/NI, which have strong development disparities (north-south) and a history of conflict, they are active in monitoring the structures of EU programmes, and in promoting cooperation, particularly cross-border cooperation and networking.

In general, one of the key success factors for local and regional actors to play a positive role in employment, social inclusion and development, is the existence of dense and efficient networks of relationships, as is demonstrated in the cases of Lucena and the IRL/NI region. Capacity and knowledge are also key success factors (demonstrated especially in the cases of Crete and Burgenland). For local actors to become more effective players, the existence of a supportive institutional framework is fundamental (e.g. Jämtland, Lucena). Moreover, the presence of ‘leaders’ in the area (e.g. Crete, Burgenland) is important for mobilising as many actors as possible, in the pursuit of common goals.

**Impact and efficiency**

All the interventions, initiatives and approaches have had an impact on the territories examined and have brought benefits to the people living there. The central issue is how to achieve maximum impact and determining what the role of social capital in the area is.

The impact of interventions is visible, mainly at local level, in a variety of areas: employment, inclusion, capacity-building, employability, cooperation, entrepreneurship, mobilisation and
cooperation, strengthening regional identity and improving quality of life in general. There are effective approaches evident in all cases, for instance:

- using intermediary NGO bodies for decentralised delivery, through a cross-sector partnership of micro-grants for social inclusion and employment – the LSCL approach in Crete;
- using cooperation to achieve innovation, with positive regional effects on the labour market – the Smart Start Innovet B project, Burgenland;
- using cooperation to achieve innovation, with positive local effects on competitiveness and economic development – the case of the furniture sector in Lucena;
- the model of rural development, where business actors have taken a leading role in local rural mobilisation – the Bispgården project in Jämtland;
- the model of social partnership, used in the delivery of the peace programme in the IRL/NI border region;
- the creation of a regional centre for capacity-building, using a methodology based on the principle of networking – the Quality Centre of Hainaut.

In all of these approaches, social capital, in the form of cooperation between various actors, sectors and levels, has been at centre of delivery.

There is generally no empirical link between social capital and regional development. The potential of social capital for enhancing regional development is, however, considered to be strong. Ways in which social capital may contribute to regional development include: clusters of groups and businesses, sustainable cooperation structures and scaling up of networks, innovation networks, synergy in strategy development and implementation.

In the cases of Jämtland and Lucena, clear visible links are evident between social capital and local development. In Jämtland, this is as a result of synergy in the community sector for the provision of the social service infrastructure; in Lucena, it is as a result of synergy in the productive sector for innovation.

The conditions that make social capital ‘work’ offer important implications for policy. There are three key requirements for social capital development: the interaction of actors whose primary objective is cooperation in the common interest; the principle of trust, on which norms and behaviours are based; and the existence of an institutional structure that facilitates and encourages joint action, and provides instruments and incentives. All of these are requirements are fulfilled to varying degrees in the case study areas examined.

The interaction of actors varies from good, to strong, or very strong. Representation and solidarity in well-developed bridging and vertical links are important conditions for interaction to be effective. A fundamental factor, however, appears to be the existence of a strong cooperative or associative movement – as is the case in Jämtland and Lucena. The existence of an individualist culture, nevertheless, can limit the effectiveness of interaction, even if it is dense, as is seen in Lucena.

Trust is a fundamental element of social capital, and it cannot be taken for granted. This is proven in cases where a lack of trust towards public sector institutions has reduced the effectiveness of
links – e.g. Crete and Hainaut. Trust is related to common social values, culture and traditions. The acceptance of diversity and equality principles are also decisive factors for the development of trust. However, even if the elements of trust are present in a community, the public sector also needs to approach citizens in order for trust to be improved. Examples of this can be seen in Jämtland, where the public sector has promoted social democracy in the decision-making process.

The existence of a supportive institutional structure has been mentioned on a number of occasions, and is one of the pillars for effective social capital interventions. Good practices are found in the IRL/NI region, where fruitful efforts to provide a supportive institutional structure, based on diversity, cross-sector cooperation and multi-level participation, are evident. The institutional structure should include actors with adequate capacity and awareness in relation to the benefits of cooperation, in order to prevent actors cooperating for utilitarian purposes only.

Other conditions have been identified, which are necessary to make social capital ‘work’. For instance: programme design should include more social and less ‘hard’ economic focus in ESF employability models; it should introduce more scope and flexibility to facilitate work with difficult groups in disadvantaged areas e.g. IRL/NI; using social capital to achieve innovation is shown to be particularly relevant as a condition for local or regional development e.g. Lucena and Burgenland.
Main conclusions and policy implications

A combination of general and specific conclusions can be derived from the main findings, described in the above case studies. The following text outlines the most important conclusions.

Specifically, regarding the concept of social capital and its relevance. Findings confirm that the concept is an abstract one, and that there is not a uniform understanding of what it means. In terms of defining social capital, the study confirms that:

- social capital has a cultural dimension – values, attitudes and norms in society are relevant;
- the notion of networks is central to the concept;
- trust is an important value for networks.

Networks can involve different players and they operate at different levels – local, regional and sectoral. The existence of networks is not so much the issue, but rather the quality and the practice of utilising these networks to further goals or objectives of economic, employment and social development.

Because social capital is a vague concept, it is difficult to make it operational in terms of a concrete definition of values and specific types of networks. Like other studies of social capital and economic development of nations and regions, this study indicates that trust is an important value associated with social capital. If trust is not present, networks do not function efficiently or effectively.

It can be concluded that the operational definition that was drafted, based on the literature review, and then tested during consultations and case studies can be regarded as appropriate: ‘Features of social organisation such as networks, norms and trust that can facilitate action and cooperation for mutual benefit. This is appropriate to spatial communities and socio-economic players (individuals, companies, authorities, research centres, business support agencies, etc) in a local or regional context and is also appropriate to policies (i.e. collective-action oriented)’.

- Social capital is mainly relevant as an instrument for policy, as a ‘means to an end’ rather than an ‘end in itself’.
- The applicability of social capital is strong at local level and has brought benefits related to labour market issues – social inclusion, employability, employment, etc.
- The study also confirms that mobilising social capital can lead to positive developmental outcomes. Outcomes are not only or always related to economic development and employment. They also relate to capacity-building of non-governmental and community based organisations, and development of new institutional models, based on partnership and cooperation. Cooperation can exist across sectors and between public bodies and civil society. Functions or outcomes of social capital are context-specific – depending on the level of development, and problems and issues in society – and as such, they can relate to a broad range of issues, such as improved quality of life (e.g. Jämtland), or peace-building and equality (e.g. IRL/NI).
- There is limited practical experience of applying social capital at regional level. Actors in more than half of the regions examined believe that social capital is relevant at regional level, but there are currently no policies that actively explore or promote this link.
There are no specific patterns of social capital forms that are more beneficial than others. It depends on context, type of disadvantage, needs, etc. This does not limit the beneficial effects of social capital. It simply confirms the plurality of contexts in the EU. Understanding the context in each country, region or locality is key to choosing the ‘right’ mix of social capital forms. For instance, more bonding social capital may be required for regions with limited social capital repositories and experiences, while more linking social capital may be necessary for regions with bonding and bridging mechanisms that are already well-developed.

Barriers to the applicability of the concept include limited recognition of its importance, lack of trust, competing institutional relationships, and cultural differences.

Regarding target groups and social capital dimensions:

The definition of target groups depends on the context and problems facing the area. Again, this does not limit the beneficial effects of social capital for target groups. For instance, if the target group is isolated rural women, benefits may include greater inclusion or improved employability; whereas if the target group is the young and the unemployed, benefits may include better employment opportunities.

The three social capital dimensions – bonding, bridging and linking – are present in varying degrees. The existence of bridging links does not necessarily imply effective cooperation, as there are positive and negative bridging links. Similarly, the existence of dense linking does not necessarily imply efficiency, as linking can be dense but inefficient. The key to effective cooperation and efficiency is the provision of policy instruments and the existence of structures that facilitate the development of links, either horizontal or vertical.

The roles of the public sector as facilitator or enabler, and of the third sector as an intermediary in the delivery of social capital interventions, are shown in many cases to be fundamental.

Regarding policy implications and methodologies:

The study shows that EU interventions and initiatives provide the best source of examples of promoting social capital as a tool, for achieving the aims of the interventions. However, the study also suggests that the way in which social capital is mobilised in regions is influenced by history and culture; therefore, it is not simply the result of recent public policy initiatives, aimed at promoting partnership and cooperation between sectors as part of development efforts. For instance, in half of the case studies examined, there is evidence of bottom-up initiatives, promoted by community groups, associations or NGOs.

Social capital is not the aim of interventions; instead it is used as a tool to achieve targets of interventions, such as increased employment, and other targets beyond labour market issues, such as peace building, social cohesion, service provision, quality of education.

What seems to work in the policy approaches of the interventions examined is the creation of sustainable partnerships, the promotion of social dialogue and civil society participation.

The study confirms that local actors play the main role in policy implementation and coordination. Policymaking, on the other hand, is in the hands of regional or national actors, depending on the administrative system in each country and the degree of discretion given to the regional level. An interesting conclusion is the effective contribution that local, non-public...
actors can play in reaching and mobilising target groups, while regional actors can play a key role in promoting cooperation and acting as intermediaries for programme implementation.

- Social partners are shown to be active partners throughout the cycle of programme and project development and implementation, providing advice, information, capacity-building, finance and support to cooperation.

- Key success factors for the positive role of local and regional actors include the existence of dense and efficient networks, capacity and knowledge, a supportive institutional framework and the presence of ‘leaders’ with the capacity to mobilise others.

Regarding the impact and efficiency of interventions:

- Each case study offers good example/s of effective approaches for achieving the goals of intervention. What has worked effectively in one region can be applied to other regions, as long as certain conditions are met. Under the heading of policy implications below, examples are provided of social capital approaches, which could be applied or piloted in a wider number of regions, with similar contexts and development issues.

- While the study is not conclusive in finding empirical links between social capital and patterns of development, especially regional development, it does not mean that social capital is not an important factor in development. In fact, the regional and local players interviewed as part of the study indicate that social capital is an important factor in development – for example, in terms of the capacity to address local and regional needs, and development problems. There are, in fact, various examples of visible links between social capital and local development.

- The qualitative evidence suggests that social capital as a tool for economic development is appropriate in regional terms; both quantitative and qualitative evidence suggest that social capital as a tool for social inclusion is appropriate in local and neighbourhood terms.

- There are three key conditions that can make social capital ‘work’: the interaction of actors, trust and reciprocity, and the existence of an institutional structure that facilitates and encourages joint action and that provides instruments and incentives.

- The added value of social capital relates to its capacity to mobilise resources towards collective action. These can relate to ideas and innovation, as well as bringing in additional material, human and financial resources to develop and implement initiatives. In this way, a social capital approach has the potential to improve the effectiveness and efficiency of policy. This is important, since the capacity to generate new ideas is increasingly important, in terms of absorption of funds towards productive investment, also a factor in regional competitiveness.

**Policy implications**

Because the concept of social capital is abstract and there is no precise definition of what it is, what it can do and how it is generated, it is difficult to make specific policy recommendations that can be applied anywhere. However, the case studies are a useful source of ideas, which may be formulated into policy, bearing in mind the local and regional contexts of different regions.

- **Intervention in education** If cultural attitudes, values etc., are a key element of social capital, it is difficult to envisage how governments could intervene effectively to change them – at least
in the short- to medium-term. However, governments can perhaps intervene in indirect ways, particularly in education, which broadens horizons. For example, higher levels of education are associated with higher levels of social capital amongst individuals, while life-long learning can help to promote values, such as equality of opportunity, voluntary effort, and participation in civil society. These notions fit well with current ESF priorities – equal opportunities, life-long learning, and family friendly policies.

- **Increasing knowledge of the concept** Raising awareness about the concept of social capital could enhance its value. The study shows that when actors know more about the concept of social capital, they tend to apply it more frequently. One option would be to organise awareness-raising events, where actors are informed about best practice and examples of interventions that use or mobilise social capital. Such events could increase understanding of social capital, of why it is useful for policymakers, and of results and benefits achieved in different cases where it has already been applied. Awareness-raising could ensure that policy initiatives, at the very least, do not harm existing social capital networks.

- **Incorporating the concept into strategic planning** Incorporation of the social capital concept into local strategic planning can increase awareness at both local and regional level. For instance, in the case of Lucena, in Andalucia, Spain, social capital was incorporated into strategic planning. It was used as a tool both to diagnose the current situation and to plan for future interventions for local development. Although this is only local, municipal-level planning, the process of strategic planning has raised awareness among regional level actors, who now actively pursue greater cooperation at regional level.

- **Supporting the creation and mobilisation of networks** The main ways in which governments could influence social capital seem to relate to the network element of social capital, particularly in relation to the bridging and linking dimensions of social capital. However, structures created as part of decentralised delivery of development strategies – e.g. intermediaries and partnerships – cannot be forced, instead they need to be developed in ways that build on institutional arrangements and that are mindful of the local culture. Important types of initiatives include: encouraging the formation and mobilisation of development networks, capacity-building of NGOs to engage in the delivery of social inclusion and employment development services to excluded groups, genuine empowerment of excluded groups, promoting partnerships as part of decentralised delivery of development strategies and initiatives. These types of initiatives are examples of new forms of governance, which bring policy and delivery closer to local and regional interests. The case studies indicate that EU policies and programmes involving a bottom-up approach have been supportive in mobilising these types of social capital networks.

- **Providing a supportive institutional framework** Examples provided in the interventions and initiatives examined, relate to the provision of an institutional framework that encourages participation at various levels, that promotes the principle of partnership and that brings social dialogue to the forefront of policy. There are very good examples from Jämtland, in Sweden, where social dialogue allowed bottom-up initiatives and public policy to complement each other. In all cases, where the institutional framework has been supportive, the role of the public sector has been fundamental: a supportive public sector is needed to provide an appropriate institutional framework.
The provision of a supportive institutional framework is also relevant at regional level. For instance, the IRL/NI border region case showed that underdeveloped regional structures is one of the reasons for poorly developed regional social capital. One lesson for policymakers could be the development of regional structures, as a basis for regional social capital.

- **Maximising the interaction of actors through inclusiveness** Policy should promote cooperation between the public, private and third sectors, at both horizontal (bridging) and vertical (linking) level. There are examples where the third sector has proved efficient in managing large programmes and funds, such as the social capital approach in the LSC project in Crete. Other examples demonstrate how they have been effective in promoting radical change from the bottom, as seen in various examples from Jämtland. There are also examples where social partners have been key partners in providing finance (e.g. the business sector in Jämtland), or in the coordination and delivery of programmes (e.g. employers and trade unions in Crete). For linking to be efficient, the role of the public sector is fundamental. In particular, it must provide tools and incentives, as well as the necessary legal framework, to enable links to formalise. Good examples of a supportive public sector are found in Burgenland and Jämtland, and, to a lesser extent, in Lucena.

Some of the examples mentioned here, under the various policy implications, could be explored further and piloted in a wider number of regions, with similar contexts or development issues. The approaches developed are not unique and have the potential to be replicated elsewhere. For instance, the LSC approach in Crete has already been successfully piloted in 30 European regions, including Crete, and is still being continued in a number of these regions. Results from that pilot project are available on the EU web pages.
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University of Sevilla, ‘Innovación y Territorio’
## Annex 1
### Interviewees

### Crete

<table>
<thead>
<tr>
<th>Interviewed:</th>
<th>Institution:</th>
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<tbody>
<tr>
<td>Eleftheria Mikoniati</td>
<td>Heraklion development agency</td>
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<tr>
<td>Nikos Drakakis</td>
<td>‘Koinopolitia’, inter-municipal network for social policy</td>
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<td>Androulakis and Chrysoula Psaroudaki</td>
<td>Regional authority of Crete</td>
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<tr>
<td>Manolis Melabianakis</td>
<td>Labour institute of the national workers syndicate</td>
</tr>
<tr>
<td>Gerge Zerbos</td>
<td>Centre for professional training</td>
</tr>
<tr>
<td>Agapi Xylouri</td>
<td>Zoodoxos pigi, non-governmental organisation (NGO) for children with special needs</td>
</tr>
</tbody>
</table>

### Ireland/Northern Ireland

<table>
<thead>
<tr>
<th>Actors interviewed:</th>
<th>Institution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy Logue</td>
<td>Combat Poverty Agency (CPA)</td>
</tr>
<tr>
<td>Ruth Taillon</td>
<td></td>
</tr>
<tr>
<td>Donnacha McSorley</td>
<td>Development Manager, Co. Monaghan, Ireland (IRL)</td>
</tr>
<tr>
<td>Niall Fitzduff</td>
<td>Rural Community Network, Cookstown, Co. Tyrone, Northern Ireland (NIRL)</td>
</tr>
<tr>
<td>Kieran Moylan</td>
<td>Border Midlands and West Regional Authority (Executive), Ballaghadreen, Co. Roscommon, IRL</td>
</tr>
<tr>
<td>Catriona Mullen, Linda Monteith</td>
<td>Irish Central Border Area Network (ICBAN), Enniskillen, Co. Fermanagh, NIRL (cross-border)</td>
</tr>
<tr>
<td>Tony Kennedy</td>
<td>Cooperation Ireland, Belfast, NIRL (cross-border)</td>
</tr>
<tr>
<td>Des Fegan</td>
<td></td>
</tr>
<tr>
<td>Felicity McCartney</td>
<td>Community Foundation for Ireland, Belfast, NIRL</td>
</tr>
</tbody>
</table>

### Hainaut Occidental, Belgium

<table>
<thead>
<tr>
<th>Actors interviewed:</th>
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</tr>
</thead>
<tbody>
<tr>
<td>E. Dufrasnes, President</td>
<td>Sub-regional Committee for Employment and Training (CSEF)</td>
</tr>
<tr>
<td>A Delhaye, Vice Chairman</td>
<td></td>
</tr>
<tr>
<td>M. Lemary, Vice Chairman</td>
<td></td>
</tr>
<tr>
<td>Marc Myle, Director</td>
<td>Local labour market observatory</td>
</tr>
<tr>
<td>Eric Hellendhorf</td>
<td>Centre du Hainaut Occidental pour la Qualité (CHOQ)</td>
</tr>
<tr>
<td>Michel Foucart, President</td>
<td></td>
</tr>
<tr>
<td>Informal seminar with the 15 members of the sub-committee, including representatives of:</td>
<td></td>
</tr>
<tr>
<td>• social partners;</td>
<td></td>
</tr>
<tr>
<td>• local authorities (inter-communal and urban communes);</td>
<td></td>
</tr>
<tr>
<td>• public employment service (FOREM);</td>
<td></td>
</tr>
<tr>
<td>• Wallonie regional Government.</td>
<td></td>
</tr>
</tbody>
</table>
### Burgenland, Austria

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Martin Reishofer, Ulrike Kainz</td>
<td>TiG, Vienna (Technologie Impulse Gesellschaft)</td>
</tr>
<tr>
<td>Wolfgang Rupp</td>
<td>Technology Centre Eisenstadt</td>
</tr>
<tr>
<td>Berthold Schleich</td>
<td>EQUAL development partnership</td>
</tr>
<tr>
<td>Verena Abu-Dayeh</td>
<td>Women's representative office, Government of Burgenland</td>
</tr>
<tr>
<td>Thomas Novoszel</td>
<td>Sudburgenland plus (association promoting Leader+)</td>
</tr>
<tr>
<td>Roland Kobald</td>
<td>Regional Management Burgenland GmbH (RMB)</td>
</tr>
</tbody>
</table>

### Jämtland, Sweden

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Stig Westerdhal</td>
<td>National Institute for Working Life (Regional Office in Ostersund)</td>
</tr>
<tr>
<td>Ann-Marie Sätre Åhlander</td>
<td>National Agency for Rural Development (Regional Office in Ostersund)</td>
</tr>
<tr>
<td>Jan Cederwärn</td>
<td>Swedish Institute for Growth Policy Studies (Regional office in Ostersund)</td>
</tr>
<tr>
<td>Hand Westlund</td>
<td>CDA Cooperative Development in Jämtland</td>
</tr>
<tr>
<td>Toivo Comén, Anna Hildebrand</td>
<td>Office/village house “Bykontoret I Lit” (NGO)</td>
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</tbody>
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### Lucena, province of Cordoba, Andalucia, Spain

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Social capital is clearly linked to improving social relations and participation in local community activities. Defined as ‘networks, norms, values and understanding within groups’, the role of social capital, has, to date, been insufficiently covered at regional level.

In 2003, the Foundation launched a project aiming to assess the usefulness of regional social capital and its possible role in the improvement of social inclusion and employment. Regional social capital in Europe provides examples of, and strategies for, regional social capital initiatives in six European Union Member States, suggesting new ideas and approaches for policymakers.

The European Foundation for the Improvement of Living and Working Conditions is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. The Foundation was established in 1975 by Council Regulation EEC No. 1365/75 of 26 May 1975.