OECD LEED PROGRAMME
STUDY ON LOCAL PARTNERSHIPS

REPORT

on

REGIONAL PARTNERSHIP IN NORWAY

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February 2001
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OECD LEED PROGRAMME STUDY ON LOCAL PARTNERSHIPS
ACKNOWLEDGEMENTS

This report has been prepared for the OECD following a study visit to Norway in August 2000. The work was carried out within the framework of the OECD LEED transnational study of local partnerships.

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I am particularly indebted to Sylvain Giguere of the OECD LEED programme with responsibility for the local partnerships study, and Professor Micheal O’Cinneide of the National University of Ireland, Galway, who were my partners in the study visit to Norway. The quality of their contributions during the study visit ensured that this was a highly effective learning partnership, and I am also grateful for their helpful comments on the first draft of this report..
INTRODUCTION

The purpose of this report is to examine the operation and effectiveness of partnerships at the County (regional) level in Norway. In Norway, the county (regional) level of administration has an important role in co-ordinating policies and adapting them to local conditions. Partnership relationships between public services, the social partners and even users are increasingly seen to be important to an effective regional role. The Ministry of Local Government and Regional Development has since 1995 been implementing annual Regional Development Programmes (RUPs) based on four year strategic county plans which co-ordinate long term policy objectives with the investments from different sectoral policies operating at the territorial level. Within a context of greater decentralisation, and the likely emergence of bigger ‘regions’, there are important questions about how to organise strategic decision making effectively.

One possibility is that the partnership relationships which have developed around labour market councils may provide the basis for the development of regional strategies. A primary focus of the report is therefore on the role of labour market councils (LMCs). Some previous national studies in the OECD research programme, in Denmark and Flanders for example, suggest that such tripartite structures, involving public authorities and the social partners can have an influential and positive role at the regional level, expanding from labour market issues to economic development and social inclusion (OECD 2000b). However, there may also be other mechanisms for co-ordination, and therefore this study does not focus exclusively on the LMCs, but on the wider framework for partnership and co-ordination at the regional level. In turn, effective regional co-ordination implies a concern with the national policy framework and the extent to which this framework ensures that ministries and services operating at regional level pursue consistent and coherent objectives. At the same time, regional arrangements must be able to respond effectively to local actors and pressures, from local municipalities, from service users and from civil society itself.

The report therefore addresses questions such as: who are the important partners at regional level and what kind of structures can bring them together effectively? How can partnership at regional level both implement and co-ordinate national policies, explore new solutions to regionally-specific challenges, and respond to local issues?

The report is based on a short study visit to Norway in August 2000, during which interviews were conducted with many of the major partners in the Labour Market Councils in Oppland and Hedmark, including both individual interviews and discussions with groups of partners on key issues. Supporting documentation was provided prior to, during and after the visit. Visits were also made in both Oppland and Hedmark to projects and initiatives linked to the two LMCs. Following the visits to Oppland and Hedmark, a short series of discussions took place with senior officials at national level in Oslo.

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1 Counties are frequently referred to in Norway as county municipalities.
The regional level of government and administration in Norway

Norway (population about 4.4m) is a unitary state, in which government and administration is divided among three levels: central government and administration, counties and municipalities. Norway, it is suggested, is both centralised and decentralised (Monnesland and Nautsdalslid 2000). Central government formulates policy objectives and influences public development programmes through central government budgets. However, in many policy areas, responsibility for service delivery and administration is shared between central and regional and local levels of government. There are currently 19 counties, with an average population of about 230,000 and wide-ranging responsibilities in the spheres of health care, transport, secondary education, economic development and regional planning. While the counties are comparable in population terms to larger local government units in a number of other European countries, they are large in geographical dimensions, and face diverse challenges in terms of territorial development. The second tier of sub-national government comprises 435 municipal councils, with an average population of 9,000, although there are wide variations around this figure. Municipalities are responsible for local physical planning, primary education, primary health care, child care and support for the elderly.

**FIGURE 1 : National, regional and local government in Norway**

<table>
<thead>
<tr>
<th>Central level</th>
<th>Parliament</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>The cabinet and the central administration</td>
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</table>

<table>
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<tr>
<th>Intermediate level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional state Administration</td>
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<tr>
<td>County governor</td>
</tr>
<tr>
<td>Single-purpose regional bodies</td>
</tr>
<tr>
<td>Supervision</td>
</tr>
<tr>
<td>Regional self-Government</td>
</tr>
<tr>
<td>County Councils</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Local level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authorities</td>
</tr>
</tbody>
</table>

Source: Langset, 1998
Alongside the directly elected county authorities is a structure of state administration, with a county governor in each region with responsibility for agriculture, fisheries and environment, and decentralised regional state agencies for labour market policy (the Employment Service), national roads, business support (the Industrial and Regional Development Fund - SND) and control of education and health (see diagram 1). In one sense, these two parts of the regional administration are complementary - the county council focuses on the region’s own needs, while the county governor and the regional state agencies focus on the implementation of national policies. In practice, it is not surprising to find that this system is characterised by considerable overlaps, tensions and conflicts, and that there has been some concern for some time about inefficient and sub-optimal policy making at this intermediate level. Recent debate about how the public sector and administration should be modernised to conform more closely to ideals of efficiency, equality and democracy has focussed to a considerable extent on the role and legitimacy of the counties (Langset, 1998), raising questions about the possible ‘surplus of the regional level’.

A committee appointed by government in 1998 has been looking at the distribution of responsibilities between the regional state administration, and the government has already given signals that the current counties may be replaced by 10-15 new regions, with outstanding issues about the extent of decentralisation to the regional level and whether this will remain an elected level of government, and about the impact of such changes on the municipalities.

The Norwegian economy and labour market and economic development issues

Over the last century Norway has developed from one of the poorest countries in Europe into one of the richest. Norway now has a diversified industrial structure, with about three quarters of the economy consisting of service sector industries. The manufacturing sector has traditionally been based on natural resource exploitation, including hydro-electric power, forestry and fisheries and petroleum. Norway is a small, open economy dependent on trade and thence on its international competitiveness. A trend in recent years has been the deregulation or liberalisation of the economy, leading to substantial restructuring of economic sectors. However, like other Scandinavian countries, Norway has developed and maintains a strong welfare state, and poverty and inequality are less marked than in some other OECD countries.

In the late 1980s and early 1990s the economy went through a period of sluggish growth and deteriorating competitiveness, with a rapid rise in unemployment. During this period, an Employment Commission established by the government with the social partners to establish a consensus on economic and employment policy led to the so-called Solidarity Alternative Framework, instituting fiscal, monetary and income policies to promote stability and competitiveness, and active labour market policies to facilitate structural adjustment while assisting those disadvantaged in the labour market. For much of the 1990s however there has been strong job creation with a significant increase in the employment rate and falling unemployment, declining to only 3.2% in 1999 (Norwegian Ministry of Labour and Government Administration, 2000). As a consequence, for most occupational groups and in most sectors the labour market is tight and is expected to remain so in coming years. Labour market policy is aimed at improving the efficiency of the labour market, including measures for the unemployed and disadvantaged groups. Industrial and structural policies are aimed at achieving an optimal use of national resources, and maintaining the growth potential of the economy which in turn provides the basis for the welfare system. A particular concern is with raising the quality of human capital, including the so-called Competence Reform aimed at adults and addressing the need for competence in the workplace, in society and on
the part of the individual. At the same time, such policies are subject to distributional and regional considerations. Regional development policies are based on an appreciation of the different needs of different regions. They aim to secure the development of employment and production in all parts of the country, and to support the settlement pattern in marginal areas. Regional policy measures promote the competitiveness of both ‘core’ and lagging regions by strengthening the existing industrial base and promoting new technology, skills and jobs.
REGIONAL PARTNERSHIP IN NORWAY

In Norway, employment, labour market and industrial policies are operated at national level through tripartite co-operation between the state and the social partners. However, it may be suggested that the powerful role of the state and the public sector in Norway (as in other Scandinavian countries) has tended to inhibit the development of the kind of partnerships at sub-national level between public, private and voluntary/community sector ‘partners’ which have become a feature of local and regional governance processes in a number of other European countries. A contributing factor is that Norway is not a member of the EU and therefore the linkage between funding programmes and partnership characteristic of the EU has only impacted on Norway in a marginal way. However, recent years have begun to see the development of forms of partnership between the public sector, the social partners, and other interests, especially at regional level. While the extent and prominence of such developments varies between different parts of the country, in some places, such as Hedmark and Oppland counties, partnership relationships have a substantial history dating back to the late 1980s, and these are now the basis for further experiments in a partnership-based approach to regional economic development and co-ordination.

The Labour Market Councils in Hedmark and Oppland

Hedmark and Oppland are two adjoining counties lying to the north of Oslo. They are the only two counties in Norway without a coastline, and Hedmark lies along the border with Sweden.

Both Oppland and Hedmark have for many years been heavily dependent on natural resource-based economic activity - forestry, forest-based industries and manufacturing, and agriculture - and the need to restructure the existing industrial base and promote new and knowledge-based forms of economic activity has become pressing in recent years. As an indicator of levels of competence in the labour force, Hedmark and Oppland counties have the lowest proportions of the population with university and higher education qualifications in the country as a whole.

Table 1  Population trends*

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hedmark</td>
<td>187,223</td>
<td>187,314</td>
<td>186,003</td>
<td>-0.7%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Hamar region</td>
<td>79,818</td>
<td>81,534</td>
<td>82,879</td>
<td>3.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Glamdal region</td>
<td>56,075</td>
<td>55,391</td>
<td>53,667</td>
<td>-4.3%</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Oppland</td>
<td>180,765</td>
<td>182,593</td>
<td>182,433</td>
<td>0.9%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Lillehammer</td>
<td>33,082</td>
<td>33,795</td>
<td>35,483</td>
<td>7.3%</td>
<td>5.0%</td>
</tr>
<tr>
<td>N Gudbrandsdal</td>
<td>21,888</td>
<td>21,146</td>
<td>20,359</td>
<td>-7.0%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Norway</td>
<td>4,092,340</td>
<td>4,249,830</td>
<td>4,392,714</td>
<td>7.3%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>


Oslo and its metropolitan region influence both counties to a significant degree. While the location of the new international airport to the north of Oslo is creating new development opportunities in the south of the two counties, long-term migration from the more northerly and rural areas of both counties continues, as do centralisation trends at a more local scale. While larger regional centres, areas within commuting distance of Oslo, and smaller centres at some distance from the major
centres are growing or stable in the two counties, smaller municipalities and peripheral areas are declining in population.

Table 2  Employment in selected sectors as % of total employment, 1997

<table>
<thead>
<tr>
<th></th>
<th>Hedmark</th>
<th>Oppland</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, fishing</td>
<td>8.4</td>
<td>8.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Forestry</td>
<td>1.8</td>
<td>0.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Timber processing</td>
<td>4.5</td>
<td>1.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Business services</td>
<td>14.0</td>
<td>14.4</td>
<td>18.2</td>
</tr>
<tr>
<td>Municipal services</td>
<td>26.4</td>
<td>25.3</td>
<td>22.6</td>
</tr>
</tbody>
</table>

Hedmark and Oppland thus present a combination of structural economic and geographical challenges in terms of regional economic development. Both counties have also played leading roles in the development of a partnership framework to respond to these challenges.

In Oppland, building on tentative steps in the late 1980s, the County established an Employment Committee in 1991, in the context of increasing unemployment (the same year as the setting up of the national Employment Commission). The Committee made proposals to increase employment by bringing forward municipal construction programmes, but also invited other regional and state bodies and labour market organisations to collaborate in the development of employment policy. The result was a Co-operation Committee with members from the county (the two main political parties), the County Governor, the Employment Office, the association representing the municipalities, and the social partners’ organisations. In 1993, as unemployment continued to rise, a national committee, the Orskaug Committee, drawing on experience in Oppland, recommended that all counties should establish Labour Market Councils.

In Hedmark, a Labour Market Council was established in 1993. In Oppland, the Co-operation Committee continued until 1995, when the Labour Market Council was created.

Structure and responsibilities of the Labour Market Councils

While there are minor variations in the membership of the two LMCs, they are essentially similar, with the following organisations and interests represented:

- The County (Directors of Departments such as Regional Development, Education, Economic Development.
- Departmental Heads (or other very senior officials) from the National Education Office in the county, the County Employment Office, the Department of Agriculture, the Industrial and Regional Development Fund (SND).
- The Head of the Norwegian Association of Local and Regional Authorities in each county.
- The Confederation of Norwegian Business and Industry
- The Norwegian Labour Union
- Representatives of higher education institutions.
The LMCs therefore reflect at a regional level the national principle of tripartism in public policy. In numerical terms, however, the public sector is more heavily represented than the social partners. In both cases the chairperson is from the County administration, reflecting its lead role in the LMC. In contrast to the earlier Co-operation Committee in Oppland, politicians are either not represented, or only with observer status. While the LMCs are primarily forums for ‘horizontal’ partnership at the regional level, the participation of representatives of decentralised national state agencies provides links to central government, while the Association of Local and Regional Authorities is a channel for the interests of municipalities, though these are not directly represented.

The LMCs meet monthly, with a small secretariat provided by the County. While the particular activities they undertake and issues they consider varies, in more general terms they have several roles:

- A strategic role: following up the County Plan and producing the Regional Development Programme
- A financial role: making a budget for the Regional Development Programme and for specific projects
- A co-ordination and monitoring role: ensuring that projects are carried out by one or more partners.

This range of roles faces the LMCs with both problems and possibilities.

The main formal responsibility of the LMC is to follow up and implement the strategy and activities in the four year County Plans, as ratified by the County Councils and national government, in the area of economic development and labour market policies. The Plan is an instrument for the co-ordination of public activity in the region, providing the basis for the County’s own activity and strategic guidelines for state agencies and the municipalities. The LMC thus provides an arena where decision processes and spending programmes can be co-ordinated, especially through the Annual Regional Development Programmes (RUP) which are the framework for the allocation of regional resources from various bodies, especially the County, the Industrial and Regional Development Fund (SND) and the Rural Development Fund. In 2000, as Table 3 shows, these resources amounted to 77.7m NOK in Hedmark, 90m NOK in Oppland. While the County Plan system has been in operation since the 1970s, the RUPs were introduced in 1995 as ways of bridging between longer term planning and the annual budgeting of sectoral policies.

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2 Figures need checking, and comparable breakdown for the 2 counties would be useful - data from Oppland and Hedmark is not on the same basis.
Table 3 Funding allocated through the RDP in Hedmark and Oppland Counties.

In NOK (1000 kroner)

<table>
<thead>
<tr>
<th>Funds</th>
<th>Hedmark 2000</th>
<th>Oppland 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kap. 551-51 Economic development funds</td>
<td>9,730,000</td>
<td>11,000,000</td>
</tr>
<tr>
<td>Kap. 551-55 Support given to entrepreneurs</td>
<td>5,519,000</td>
<td>6,090,000</td>
</tr>
<tr>
<td>Kap. 552-56 Funds promoting economic restructure</td>
<td>8,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Kap. 551-57 Interreg</td>
<td>1,900,000</td>
<td></td>
</tr>
<tr>
<td>Kap. 551-58 Funds promoting regional co-operation</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Kap. 550-60 Funds for marginalised communes</td>
<td>950,000</td>
<td>700,000</td>
</tr>
<tr>
<td>Kap. 550-61 Local development funds</td>
<td>7,600,000</td>
<td>5,800,000</td>
</tr>
<tr>
<td>Kap. 2425-51 Support for Small/medium businesses</td>
<td>27,152,000</td>
<td>21,160,000</td>
</tr>
<tr>
<td>Kap. 2425-53 Loans for Small/Medium businesses</td>
<td>17,882,000</td>
<td>14,230,000</td>
</tr>
<tr>
<td>Local development funds related to agricultural dev.</td>
<td>14,500,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>Local investment funds related to traditional agriculture and gardening</td>
<td>18,400,000</td>
<td>20,500,000</td>
</tr>
<tr>
<td>Local planning funds etc. related to agriculture</td>
<td>5,200,000</td>
<td>5,700,000</td>
</tr>
<tr>
<td>Local funds, agricultural sector (trenching)</td>
<td>3,800,000</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Olympic development funds</td>
<td>3,300,000</td>
<td>3,300,000</td>
</tr>
<tr>
<td>County Municipality funds</td>
<td>14,600,000</td>
<td>13,300,000</td>
</tr>
</tbody>
</table>

In addition to the role of co-ordination of spending programmes of partner agencies, the Oppland LMC also has a small budget (840,000 NOK in 1999) of its own (from the County) which enables it to provide financial support of a number of specific projects in fields such as vocational and business education and training.

The Hedmark and Oppland LMCs are now also participating in a pilot programme of the Ministry of Local Government and Regional Development, the ‘Further Development of the Regional Development Programme’, which is testing out possibilities for greater regional autonomy over the area of the two Counties combined. For this purpose, the two LMCs meet together every three months. This programme supports a range of projects, including:

- The Inland College project, exploring collaboration among higher education institutions in the two counties and with a Swedish partner
- Development of a co-ordinated business survey questionnaire, involving adding questions to the surveys undertaken by the County Employment Offices.
- A project to market the Lake Mjosa region to business on the basis of the high quality of life in the area
- Co-ordination of public employment and education policy for the long term unemployed
- Regional development contracts between the regional level and municipalities
- Co-operation between the two Counties and other partners on the implementation of the Competence Reform for adult and further education
- Proposals to promote closer co-operation in offering public services between municipalities, employment offices, public tax offices and other possible partners.
A further objective of the Further Development of Regional Development programme is to develop more effective indicators and evaluation mechanisms for the LMCs’ activities. Evaluation needs to provide an annual appraisal of resources applied, and of the added value of the joint planning and management of resources, with a fuller four year evaluation of each County Plan period.
REGIONAL PARTNERSHIP IN PRACTICE

The way in which regional partnership works in practice can be explored by examining a number of the activities of the Labour Market Councils:

- Implementing the County Plans and Regional Development Programmes
- Promoting the knowledge economy and economic competitiveness
- The Competence Reform
- The Inland College proposal

Implementing the County Plans and Regional Development Programmes

Implementing the County Plans and the Regional Development Programmes are the main formal responsibilities of the LMCs.

Not surprisingly, those partners in the LMCs with most direct responsibility for the County Plans - such as the Head of Planning - tend to see this as the primary focus of the LMCs’ work. The development and implementation of the County Plan is led by the County, and includes a subregional process in which working groups including the local municipalities are involved. In Oppland there were six such groups (covering issues such as economic and employment development, education and competencies, environment, young people and welfare). The County Planning process is therefore one of the main ways in which local issues and needs can influence the programmes of regional agencies. In addition to the municipalities themselves, some local social interests and informal organisations are represented on the subregional working groups and so are able to influence and comment on the Plan during its development.

At regional level, the LMC provides an arena in which the County can develop the plan in consultation with regionalised state agencies, and with the social partners, and through which the Plan, once approved, can influence their plans and programmes. However, while the LMC clearly functions well as a consultative framework in this respect, it is less clear how far there is a wider ‘ownership’ of the County Plan on the part of other agencies and the social partners. The Plan is legally binding only for the County. While it provides directions for decisions for other state agencies, these tend to be driven primarily by national policy priorities and their own mandates, as will be discussed below in relation to the Regional Development Programmes. The organisations of the social partners - the regional officials of the Confederation of Norwegian Business and Industry and the Norwegian Labour Union - have relatively limited resources to participate in the LMC, and tend to focus their involvement on specific projects of interest and benefit to their members, rather than on broader policy and planning issues. Indeed, a criticism of the LMCs by the social partners’ organisations is that they spend too much time on plans and not enough on concrete projects.

The annual Regional Development Programmes (RUPs) bring together resources for business support and economic development from the Counties, the SND and the Department of Agriculture (although the rural development funding is now to be administered by the SND). The RUP is thus a significant and concrete example of collaboration between the two parts of Norwegian regional government - the elected County and decentralised state agencies. While the RUP is largely funded from three (now two) sources, the County and the SND, the use made of these resources has important implications for other agencies, such as the County Employment Office and the National Education Office, as well as for the social partners. However, while it is clear that participants welcome the existence of the LMC as a forum in which investments under the RUP can be
discussed, it is also the case that the LMC both has limited control over such decisions, and that it is one of a number of forums in which the relevant decisions are made. There are a number of issues in this respect.

In the first place, the resources allocated via the RUP remain subject to the guidelines of the respective agencies: they do not constitute a ‘free pot’ of resources to implement the County Plan. Second, only funding from certain organisations, principally the County and the SND, comes within the RUP. The activity and investments of other agencies, such as the County Employment Office, the Department of Agriculture and the National Education Office are not within the scope of the RUP. The specific composition of the RUP thus tends to create a distinction within the LMC between core partners (those contributing resources) and others (with interests but not committing resources). Some agencies with important responsibilities for regional development, such as transportation, have remained external or marginal to the LMCs. Third, the RUP includes only that proportion of the investment resources of the SND for which budgeting is undertaken on a regional basis, while other funds are centrally allocated. Thirdly, the policies of decentralised state agencies such as the SND and the County Employment Offices are determined primarily at national level, so that, in general terms, such agencies contribute to regional initiatives and directions favoured by bodies such as the LMCs only as far as is consistent with national policies. Specified national targets appear to mean that while such agencies recognise that regional and subregional differences and needs exist, they may not have much flexibility to react to them. Indeed, an agency like the SND may argue that it is not efficient or realistic to think in terms of an economic development policy for a region with a population of less than 200,000. Even within the region, these agencies have other forums for consultation as well as the LMC. Thus the SND and the Department of Agriculture may work together at regional level more outside the LMC than within it. The SND works through local boards at district level including local politicians and representatives of business, agriculture and municipalities which make decisions on agricultural funds and advise on industrial ones. The SND regards its priorities as, first, businesses themselves, national government second, and then regional and local authorities and other agencies.

In summary, the LMC is the only formal body at regional level which brings together the elected regional tier of government (although the participation of elected representatives themselves is very limited) with regionalised state agencies and the social partners. As such, its existence is welcomed by most if not all of the participant organisations. But its ability to co-ordinate policy and investment across the public sector is limited by its restricted mandate and by the strength of the hierarchical principle within the regionalised state agencies, which means that much decision making still takes place within sectoral ‘silos’.

**Promoting the knowledge economy and economic competitiveness**

The LMCs in both Hedmark and Oppland recognise the importance of promoting advanced technology and knowledge-based industries and businesses in order to enable their regional economies to compete more effectively in the globalised economy. In Oppland, the publicity and confidence resulting from the 1994 Winter Olympic Games held in Lillehammer provided a crucial impetus to collaborative initiatives to promote economic development and especially new knowledge-based industry. The LMC has been one of the forums which have initiated or supported initiatives such as the Lillehammer Knowledge Park which provides incubator space for business start ups and training, including projects such as the Entrepreneurnet, an internet-based information source for people planning to start ICT businesses. While the Lillehammer Knowledge Park itself
is located in the main urban growth centre of Oppland, the Entrepreneurnet has the advantage of being widely accessible throughout the region.

In Hedmark, current developments such as the Hedmark Business Park and Innovation Centre in Hamar also reflect the ‘trigger’ of the nearby Olympics, and now also the economic opportunities for the southern part of Hedmark which is relatively close to Oslo and to the new international airport north of Oslo, while offering cheaper labour and a better quality of life. The Business Park is aimed at attracting a greater share of new development to Hedmark, while the Innovation Centre is one response to the need to restructure the traditional, forest and agriculture-based nature of the region’s economy.

While these developments in both Oppland and Hedmark are the result of specific partnership arrangements (the Hedmark Business Park, for example, is the result of collaboration between the County, the SND, and private sector developers) the LMCs provide a wider framework of contact between key players at regional level which can create the context for such specific partnership arrangements.

Business interests also consider that the LMCs can create a common understanding of realities, policy challenges and opportunities among the major players in the counties. The representative of the Confederation of Norwegian Business and Industry has played a leading role in a number of initiatives and projects, especially promoting co-operation between education and industry. These include a survey of the educational levels of employees in businesses, leading to a project on vocational education for employees in the private sector, improving the take-up of opportunities. Further projects have been concerned with developing awareness of and attitudes towards entrepreneurship in schools. The small funds available to the Oppland LMC appear to have been helpful in supporting or pump-priming such initiatives.

The Norwegian Labour Union also regards the LMCs as useful means of achieving some of its objectives. These tend to be related to employment - an important part of the initial rationale for the establishment of the LMCs at a time of higher unemployment, but a focus which has become less central in changed labour market conditions. The Labour Union has limited resources (in terms of both people and money) which constrain the extent of its participation, but sees the LMC as a forum in which to influence the policies of regional agencies. In Hedmark, for example, the Labour Union participates in a committee established by the LMC assisting immigrants and the long term unemployed who have reading and writing problems.

However, there are also instances where the LMCs have had more difficulty in fostering collaboration. One illuminating example concerns attempts to develop a joint survey of employment trends and needs among a group of agencies participating in the LMC. The main such survey has been undertaken by the County Employment Offices, but other organisations, especially the Counties, also need information on labour market trends and needs. An experiment has therefore been undertaken to include a number of questions of interest to the Counties in the Employment Office survey. While the LMCs have provided a forum to discuss this issue, it has proved difficult to make progress because of the ‘vertical’ loyalties and differing interests of the organisations involved.

In summary, the LMCs provide a forum of contact among key regional players, which can initiate and support concrete initiatives to assist the regional economy in responding to the challenge of the knowledge economy and global competitiveness. However, the major public sector capacities for
regional and local economic development remain segmented among specific agencies - the SND, the Employment Office, the County and others. The ‘unwritten regulations’ and culture of the hierarchical state mean that the LMCs have only a limited ability to create synergy between them.

The Competence Reform

Focussing on continuing education and training, the Competence Reform is intended to help provide all adults with better opportunities for competence building and lifelong learning, so equipping the Norwegian labour market with the necessary injection of competence in order to secure the basis for value creation and the provision of services, in both the private and public sectors. Its objectives are to adapt educational provision to the needs of adults through innovation in education and training provision, to raise adult skill levels both to meet the needs of employers and of democratic participation in a ‘learning society’ (Ministry of Education, Research and Church Affairs, 2000).

The implementation of the Competence Reform is an issue which highlights issues of collaboration between agencies responsible for education and the labour market, including the National Education and Employment Offices, the County Departments of Education and Economic Development, educational institutions at all levels, the social partners, and also voluntary organisations such as the Norwegian Association for Adult Education (a member of the LMC in Hedland). In Oppland and Hedmark, the implementation of the reform is being handled jointly across the two counties, with the LMC representing the broad partnership framework for all institutions with an interest in the Reform. A project group has recently been established (June 2000), with a mandate to organise a permanent structure between the two counties to implement the Reform. It is recognised that this will need to overcome very different organisational cultures in the organisations concerned - for example, the need for much more flexibility in the delivery of education in schools, and for arenas for schools to meet with both business and public sector ‘customers’, and involving voluntary adult education associations. There is a challenge to inform and motivate both businesses and workers, and in particular to engage small enterprises which are sceptical about the costs. Extensive use of ICT will be needed to reach geographically remote areas.

The Inland College

The Inland College initiative is also a project which involves collaboration between the two counties of Hedmark and Oppland. The initiative is exploring the potential for greater collaboration between the three small colleges in the two counties, in Lillehammer and Gjøvik in Oppland and Hamar in Hedmark, to enable them to offer an improved service to the population and the regional economy. Through the LMCs, funding for the project has been obtained from the RUP, and a feasibility study has been carried out. There has been support for stronger collaboration from stakeholders including the Counties and the social partners, and there has also been support within the colleges themselves, although the proposals raise some difficult issues for them. A further dimension to the initiative is for collaboration with Karlstad University in Sweden, which has been facilitated in the framework of an EU INTERREG project for cross-border co-operation between Hedmark and the bordering part of Sweden.

The implementation of the Competence Reform and the Inland College initiative are current developments which challenge the regional partnership framework in Oppland and Hedmark to progress beyond its current limits, as both will require substantial advances in collaboration in
which partner organisations increasingly transcend their individual remits, cultures and objectives in the interests of more joined up responses to public policy problems.
Partnerships as networked governance

Governments across the advanced world have given area-based partnerships increasing responsibilities in recent years: to stimulate economic development and address labour market challenges; to improve policy co-ordination and the adaptation of policies to local conditions; and to identify specific sub-national issues and needs which existing policies are not addressing (OECD, 2000b). Partnership, as a form of ‘networked governance’, may be able to respond to the limitations of other forms of governance - based on hierarchies, or reliant on market mechanisms. The development of new information and communication technologies pose new challenges for economic and social development, but also potentially provide new tools for a networked society and governance system (Castells, 1996). By creating new networks among actor from the three spheres of the state, the market and civil society, and from different ‘tiers’ of the governance system (local, regional, national, supra-national) partnerships may be able to contribute greater legitimacy, innovative and learning capacity and ability to address the so-called ‘wicked’, cross-cutting issues, to traditional governance mechanisms (Benington, 2001).

Experience is showing that partnership relationships can have a number of positive benefits as part of regional and local governance structures (Geddes 1998). These benefits include:

- the development of networks of trust and common understanding among partners, including between the public and private sectors
- more effective co-ordination and integration of policies and programmes
- the development of innovative approaches to policy problems
- making better use of resources and ‘levering in’ new resources.

At the same time, partnership as a mode of governance raises issues of inclusiveness and coherence, and of transparency and accountability. While experience in other countries shows that benefits have been reached through partnership, co-ordination and joint working has often remained localised around specific issues. Separate policy frameworks and structures have co-existed with a partnership approach, limiting the potential for collaboration. Conflicting objectives pursued at national level by partner organisations, most notably the public services but also the social partners, have limited the degree of commitment to local or regional partnerships. Mechanisms for accountability and transparency, and for monitoring and evaluation, have not always been well developed (OECD, 2000b).

These are relevant considerations in addressing the questions raised at the beginning of this report: to what extent do the current partnership arrangements at regional level in Norway involve the important partners and bring them together effectively? How effective is partnership at regional level in both implementing and co-ordinating national policies, exploring new solutions to regionally-specific challenges, and responding to local issues and needs?

Shared knowledge and trust

Most partners in the LMCs in Hedmark and Oppland consider that the LMCs play a useful role in creating greater understanding and trust among key players at the regional level. Participants treat
the meetings seriously, and there are high levels of discussion and debate. Meetings provide an important source of information on policies and developments in the region. In particular, the LMCs serve as a meeting place for senior officials from the state sector. However the social partners are less strongly represented, and elected politicians are mostly absent, indicating significant limitations to the inclusiveness of current partnership arrangements. Moreover, while most participants acknowledge the useful role of the LMCs, they do not generally regard them as particularly privileged forums - ‘one meeting place among many’ is a common view. For most partners, equally, other channels and relationships are likely to rank above the LMC - for decentralised state agencies, national policy remits and guidance are of primary importance, while the organisations of the social partners look primarily to their memberships and to their influence at national level.

Policy co-ordination and integration

This somewhat ambiguous status of the LMCs as a regional forum is reflected in the mixture of well-developed forms of policy co-ordination and integration in some areas with others where policy still continues to be developed and implemented primarily through vertical channels. Thus the emergence of the LMCs as the forum in which investment plans are decided within the annual Regional Development Programmes, is leading to quite high levels of co-ordination and policy integration between ‘core’ partners - including the Counties, the SND and, to an extent, the social partners’ representatives - within the specific policy area of business support and local economic development. There currently appears to be a potential for similarly close collaboration to develop, with a different set of core partners, around the regional implementation of the Competence Reform. At the other extreme, the nationally-driven remit of the County Employment Offices means that there is a relatively low level of co-operation in the area of policy for the unemployed. While rising unemployment was the issue which led to the LMCs being established in the early 1990s, with the changing economic context of a tighter labour market the main focus of regional partnership has shifted away from this original focus, and moved towards economic development issues. Nonetheless, even if unemployment is now rather low, labour market policy is still be an important local development issue requiring co-ordination. For example, policies promoting geographical mobility may conflict with those of local and regional authorities promoting entrepreneurship and self-employment to keep the young people in the area.

In principle, the four year County Plans should provide the over-arching framework within which different sectoral policies are co-ordinated within the regional partnership framework of the LMC. But the fact that the County Plans, while formally binding for the Counties themselves, have only the status of guidelines for the regional state agencies (and have even less influence over the social partners) means that they do not play this role as effectively as they might. This suggests that there may be a need for a clearer and more concrete mandate for regional partnerships, specifying the remit and competence of the partnership, the processes by which it will operate, and what is expected of partners (as is the case in some other countries, such as Ireland and the UK for example). This issue is elaborated in the final section of the report.

At this point in time, though, it seems correct to say that, overall, regional partnership relationships remain subordinate to hierarchical and sectoral principles within the Norwegian governance system. The current review of the roles and responsibilities of different levels of government now being undertaken by government is clearly of relevance to this issue. If the strengthening of partnership and greater policy co-ordination at regional level are seen to be desirable, this is likely to require some revision to the guidance to regionalised state agencies from national government to
alter the current balance between nationally and regionally-determined policy objectives. It would be likely to require strengthened arrangements for co-ordination between government ministries at national level, to ensure greater consistency and co-ordination in policy and funding regimes. As the OECD recommends in its “strategy to improve governance through partnerships”, effective partnership requires that organisations at national level must pursue common or compatible objectives, which can then be pursued in partnerships at regional level. In practice, this means that the mission of the relevant partner organisations, such as public services, should take account of the main regional development concerns. (OECD 2000b, p68) This could suggest, for example, greater emphasis on local and regional development in the mission statement of the Labour Ministry, with an implication of more flexibility in programme management, and some funds available for determination by regional level partnerships, with such partnerships also involved in setting programme objectives and targets.

**Innovation and resource enhancement**

The activities of the LMCs in a number of areas - from the promotion of new, knowledge-based forms of economic development, to the Competence Reform and the Inland College initiative, indicate the potential of regional partnership to contribute to innovation in public policy, leading to outcomes which are responsive to local needs, build on regional comparative advantages, and achieve better use of resources. In particular, the Further Development of Regional Development initiative is now allowing the two counties to begin to work together to obtain synergies and economies over a wider regional area, such as in the promotion of the Lake Mjosa region. The concept of ‘learning regions’, which has emerged from analysis of the experience of a number of successful European regions, implies effective partnership between all regional interests in creating learning networks which stimulate cultures of innovation. The promotion of regional industrial clusters and sectoral networks is seen as a route to dynamising local businesses and promoting a knowledge-based, high technology industrial future (Porter 1990: OECD 1996). At present the LMCs have only limited capacity and resources available to them, and consequently are not always able to play a leading role in economic innovation or in attracting resources. While realism is necessary about the extent to which economic networks and learning processes take place within regions (Lovering 1999) it seems possible that strengthened regional partnership arrangements in Norway could have a significant role to play at sub-national level as the institutional focus for a range of ‘learning networks’. This would, however, imply a considerable deepening of current partnership relationships (for example, greater involvement of a wider range of business interests, and at a more strategic level) as well as, probably, more substantial resources available to the partnership body to pump-prime and evaluate initiatives and disseminate learning about ‘what works’. However, even larger regions such as given by the collaboration between Hedmark and Oppland are small in size in comparison with many comparators in Europe and elsewhere, and an important question is the extent to which such ‘learning region’ functions should rest at regional or national level in the case of a country of the size of Norway. A further issue concerns the extent to which the promotion of economic innovation can benefit disadvantaged as well as advantaged parts of regions such as Oppland and Hedmark, where comparative advantage clearly favours those locations closer to the Oslo area. Bending development outcomes towards disadvantaged areas and groups is likely to require strong policy and political commitment.

**Accountability and legitimacy**

Evidence from partnerships in other OECD countries confirms there can be a danger that the gains from collaboration among partners may sometimes be compromised by limitations to the
accountability, legitimacy and wider inclusiveness of partnerships. Partnership can contribute to the legitimacy of governance by involving a range of organisations and interests in the governance process, but it is important that this source of legitimacy complements and confirms, rather than cutting across, more traditional democratic principles and practices of accountability and legitimacy. In the case of the LMCs, the leading role of the County authorities means that there are lines of formal democratic accountability through the electoral process. However, in practice the involvement of politicians in the LMCs is very limited (and in addition the relatively low levels of electoral participation at the County level in Norway are an indication of the current limited legitimacy of the regional tier of government). It is also the case that the ‘vertical’ lines of accountability of the LMCs are stronger in the upward direction towards national government than they are downward to the local municipalities and local communities, which are formally represented only through the Norwegian Association of Local and Regional Authorities. In comparison, partnership arrangements elsewhere frequently include provision for the representation of a range of local interests. Some rebalancing of representational arrangements to give greater weight to democratic and local interests would thus enhance the legitimacy and inclusiveness of partnership at regional level. This could be done partly by identifying some common objectives by municipalities and using them as a basis for the county and regional development plans. In addition to ensuring consistency in planning and vertical co-ordination, this would provide the plans with some of the legitimacy associated with municipal representation. Moreover, giving more weight to common local objectives could increase the prospects for the latter to be taken into account by nationally-designed policies in a “bottom-up” fashion (OECD 2000b, pp41-43, 68). Good vertical co-operation can foster trust in the partnership framework and lead to a greater engagement by public service officers and local officials. In general the partnership framework must be responsive to the needs of both officials and politicians if they are to feel an incentive to use the partnership as a means of improving the effectiveness of their action in terms of local needs and conditions.

At the same time, issues of accountability also arise in relation to partner organisations. In the LMCs, lines of accountability and reporting between the partnership and partner organisations, and between individual representatives and their organisations, vary considerably. In the case of the County and some other public bodies, there are formal procedures (such as committee proceedings) for reporting. In the case of other partners, such as the trade unions or employers, reporting may take place at regional meetings of the respective memberships, but there is recognition on the part of those representing such interests that more formal and structured processes might be desirable, although this would have resource implications. Evidence from elsewhere has shown that a prerequisite for active involvement of trade unions and business in partnership, and for reporting, is that these organisations identify and promote a clear policy on the issues dealt with by the partnership, such as local development (Geddes 1998; OECD 2000b pp31, 70). Social partner representatives on partnerships can take the initiative within their organisations to introduce and implement such policies. The relatively informal nature of accountability and reporting in and around partnerships can enable them to act quickly and innovatively. However, factors such as the increasing use of new communication technology may open up new possibilities for accountability and transparency. It seems likely that if the current role of the LMCs were to be extended there would be a case for strengthening arrangements for accountability and transparency, both in terms of the democratic process and in relation to the reporting arrangements between the partnership body and participating organisations.

One important mechanism which underpins accountability is effective monitoring and evaluation of activity. The LMCs currently have formulated proposals for instituting a system of monitoring and evaluation, and it might be that these should be piloted as part of the Further Development of
Regional Development initiative now provides a framework within which these can be piloted and developed. Experience elsewhere suggests that effective performance management and monitoring and evaluation may need to draw together a number of elements: quantitative accounting of inputs, activities undertaken and outputs alongside more qualitative assessment of the views of partners and stakeholders; both formative and summative dimensions; internal monitoring systems and external audit and validation. Monitoring and evaluation should attempt to identify what the partnership has done to improve governance and the implementation of partners’ policies. Performance targets and indicators should be validated by each partner organisation, and evaluation should be seen as a way to stimulate discussion of the relevance of the work of the partnership, to optimise institutional involvement and to avoid duplication (OECD 2000b, pp69-70).
CONCLUSIONS: SCENARIOS AND OPTIONS FOR THE FUTURE

This report suggests that the future for regional partnership in Norway is quite open. In general, the partnerships surveyed have shown a greater ability to stimulate local initiatives and promote inter-regional co-operation than to co-ordinate national policy and adapt them to local conditions. There may be a number of future possibilities for partnership arrangements as part of the regional level of governance in Norway.

One possible future is that regional partnership arrangements will have a restricted (but nonetheless valuable) function as a forum for the exchange of information between key regional actors, especially service providers, and for co-ordination between services which remain essentially vertically-organised. This is a function which is valued by participants in the LMCs as they currently exist. It would imply, however, that some of the important challenges for public policy, including those requiring more integrated, joined up responses across the public sector and beyond it, would be the responsibility of other levels of governance - national and local.

A second set of possibilities are for more strongly developed partnership-based arrangements at regional level. Movement in this direction would mean a strengthening of partnership beyond - maybe quite considerably beyond - the current role of the LMCs. There are at least two distinct possibilities for strengthened regional partnership arrangements. One is associated with a primary focus on the developmental economic role of governance at the regional level. In a number of countries, executive regional development agencies (directed by a board composed of influential regional economic actors from the business community the public sector and some other interests) have a powerful role in regional economic development and urban and rural regeneration. These agencies often have substantial investment resources and autonomy over the application of these resources, and act as a hub of regional economic innovation and ‘learning’ networks. They operate frequently - though not invariably - at arms length from the democratic process. In Norway, movement in this direction would imply an enhancement of the kind of partnership now developing around the RUPs. In particular, perhaps, evidence suggests that effective regional learning networks require extensive and active business participation, not merely that of organisations representing business interests.

The second variant of strengthened regional partnership is one in which strategic partnership arrangements are developed in close alignment with representative democratic government institutions at regional level. In this model, a strategic partnership is the forum in which elected local/regional government negotiates a collective vision and values for the area with other key actors from the public and private sectors and with community interests, enabling democratically elected local government to exercise a ‘community leadership’ role alongside its service delivery functions (Larsen and Offerdal 2000). In Norway, this would involve finding ways to overcome the limited degree of ‘ownership’ of mechanisms such as the County Plan which are intended to provide strategic policy direction. It would imply a wider and deeper scope of partnership arrangements than those currently represented by the LMCs, including fuller representation of local communities and other interests, greater engagement on the part of elected politicians, and greater freedom for public service agencies to balance national policy priorities with regional ones.

In principle, the greatest benefit is likely to be gained from a combination of the advantages of these two variants, in which partnership arrangements enable a wide range of interests to contribute to democratic and inclusive governance, aligning objectives of economic growth and competitiveness.
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with social, regional and distributional goals. The extent to which partnership at the regional level can contribute to such outcomes in the Norwegian context will, of course, depend on the wider future of the regional tier of government in terms of service provision, as a developmental economic agent, and as a democratic arena. However, it is possible to sketch out some of the changes which might be necessary to achieve such a synergy between the two scenarios described above. These points draw on the issues discussed in the previous section of the report, and relate to the composition; remit and powers; resources and capacity; accountability; and, last but not least, to the culture of regional partnership bodies:

- **Composition**
  If partnerships are to contribute to democratic (rather than elite) governance, it is essential that elected democratic representatives play an active role within them. At the same time, partnership arrangements should not supplant democratic local governance: in this respect their role should be as a ‘friend’, not a competitor to representative democratic processes. But a friend sometimes needs to be critical: if partnerships are to be critical friends to the democratic process, their composition also needs to provide scope for the representation of interests which may not be fully reflected by representative democracy, especially less powerful, marginalised social groups. In the Norwegian context, this would suggest that the composition of regional partnerships might be widened in two main ways: by the more effective representation and participation of elected regional politicians; but also by the representation of other social interests, either by the involvement of elected councillors from the municipal level, and/or by local/grassroots voluntary and community interests and organisations. This would help to ensure that local needs and objectives are taken more fully into account in a ‘bottom up’ fashion in regional and national policies.

At the same time, attention should also be given to the fuller representation of other interests, such as those of the social partners, including different sectors of the business community. The experience of other countries offers a number of models of interest representation which could be drawn on in this respect, in order to both widen and deepen involvement in regional partnerships.

- **Remit and powers**
  There are at least two areas in which the remit and powers of regional partnerships might be strengthened. First, a stronger role for regional partnerships in developing (as well as, as now, implementing) the County Plans would help to ensure that the Plans are more representative of the full range of regional interests, and as a result that ‘ownership’ of the Plan is more widely shared. While the democratically-elected County Municipality should remain ultimately responsible for the Plan, it would develop the Plan in close collaboration with the partnership.

Second, an extension of the remit of regional partnerships in relation to those of the regional state administration might be achieved through regional-level ‘public service agreements’ negotiated within the partnership framework. Such agreements would be negotiated through a structured dialogue between the central administration, the decentralised regional state agencies, and with the involvement of the partnership. They would provide a framework in various policy areas, such as labour market policy and economic development, and potentially others, such as education, or transport, within which a new balance could be achieved between national and regional priorities, alongside better synergy at regional level between the expenditures and programmes of state agencies. Such regional public service agreements would be required to demonstrate the ‘added value’ or leverage which they would bring to public policy and

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expenditure. Proposals such as these to promote more effective partnership at regional level would also require strengthened arrangements for co-ordination between government ministries at national level (OECD, 2000b).

Together, these proposals would offer partnerships a pivotal - and challenging - role in guiding the development and implementation of regional strategies which reflect the needs of local communities and different regional interests, as well as national policy directions and the challenges of regional development in the context of an open and competitive economy.

- **Resources and capacity**
  An enhancement of the composition and remit of regional partnerships would require a strengthening of their capacity. Partnerships would require an independent staff to undertake a wider role. This would need to include a capacity and competency for policy development; performance management; effective consultation and liaison with regional and other interests; and for monitoring and evaluation. If partnerships begin to play active roles in fields such as regional economic innovation, this would require the appropriate technical capacity, including the skills to develop and evaluate initiatives and disseminate learning. The resources available to the partnership to enable it to build such new capacities should be independent of any particular partner interest. One possibility is that for some specific competencies (eg in relation to economic innovation) partnerships might be able to draw on a national resource base available to all regional partnerships.

- **Accountability**
  These proposals would require stronger and more transparent procedures to ensure accountability. These would include:

  - first, clearer guidelines on the composition of partnerships and the representation of interests;
  - second, procedures within the partnership to ensure that all interests are able to contribute on as equal a footing as possible, and that the internal working and decision-making of the partnership is transparent;
  - third, mechanisms to promote accountability between the partnership and partner organisations/interests. The draft OECD report on partnerships suggests important principles in this respect, such as a clear distribution of responsibilities between partners and partnerships, and agreed mechanisms for ‘reporting back’ by representatives on the partnership to their ‘constituencies’ (business and trade unions, for example).
  - fourth, for two-way accountability between the partnership and the national administration. This would require the drafting and agreement of guidelines and protocols between the relevant parties.

The availability of monitoring and evaluation information on a regular basis and in a form which promotes a developmental rather than a judgmental approach is an essential basis for accountability. As discussed in the previous section of the report, effective monitoring and evaluation of partnerships is likely to include a number of elements, ranging from quantitative monitoring against targets and performance indicators to more qualitative evaluation of the effectiveness of processes and the views of partners and stakeholders.

- **Partnership culture**
  The notion of ‘partnership culture’ is elusive yet of critical importance. It implies a break with
closed, institutional or sectional cultures, not just in the state but among all partners and interests. It implies dialogue, between a regional partnership and the central administration and between regional interests and local actors. Such a dialogue does not imply the collapse or abandonment of the strategies and goals of specific organisations and social interests - quite the reverse. It should mean a clearer and more transparent enunciation of interests, aims and interests, and a more deliberative, less oppositional public process in which differences and diversities are clarified and contested, so that wider alliances of interests and actors can develop around specific themes, programmes and initiatives. The evidence from countries where partnerships have been in operation for some time is that the achievement of such a partnership culture requires a programme of cultural change to which all partners and key actors are committed, from national government to local grassroots organisations.
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