

PART 1: BACKGROUND AND FRAMEWORK OF THE STUDY

1.1 INTRODUCTION

“Local Social Capital (LSC)” is a pilot project of the European Commission under Article 6 of European Social Fund (1994-99)¹. The LSC Pilot was launched by the European Commission, Directorate-General for Employment and Social Affairs (DG EMPL) in July 1998 via a call for proposals² to eligible bodies – non-governmental organisations (NGOs) operating at regional or local level - in Member States.

Thirty projects operated by Intermediary Bodies (“IB”) in 12 Member States were selected and have carried out the implementation of the Pilot³. Their performance period commenced on 1.9.1999 and was completed between 28.2.2002 and 31.8.02. Each LSC project was proposed and managed by an IB, working in partnership with other organisations. The IBs received Community support in the form of a global grant. They selected and supported micro-level projects promoting employment and social cohesion (“micro-projects” or “MPs”).

In December 1999, the Commission contracted independent consultants (LRDP) to carry out an external evaluation of the LSC Pilot as a whole. This was a programme-level evaluation which was carried out on an on-going basis over a period of three years, on the basis of separate annual contracts and with separate annual (interim and final) reports.

The overall aim of the evaluation was to “test the hypothesis” as to whether the combination of characteristics present in the approach of the LSC Pilot can provide an effective and efficient solution to social cohesion and employment for groups disadvantaged in the labour market. The results of the evaluation were to provide conclusions and recommendations for wider application of successful approaches in mainstream ESF interventions.

This is the Final Report of the Third Year of the evaluation and represents the final report of the study as a whole. It aims to present a systematic overview of all aspects of the study, its final findings against the key evaluation questions, and general conclusions on the Pilot together with policy-related lessons.

In Part 1, the report presents the background, objectives and main characteristics of the LSC Pilot, and the key evaluation questions, methodology and tasks of the external evaluation, together with a review of the literature on social capital.

Part 2 presents the findings and specific conclusions against the key questions of the evaluation, including effectiveness and impact.

¹ Referred to in this report as “the pilot programme” or “the LSC Pilot” or “the Pilot”. The 30 projects supported by the Pilot are referred to as “LSC Projects”. Individual projects supported by each of the LSC Projects are referred to as: “micro-projects” or “MP”

² In OJ No 98/C228/09 and on the DG EMPL internet site

³ The total number of projects selected was 31, but one of the projects (by ENVI.DE.P, Piraeus, Greece) was not implemented.

Part 3 reviews the findings of the study and brings together its conclusions concerning innovation, transferability and potential for mainstreaming.

Part 4 presents the overall lessons of the study with reference to Article 4.2 of ESF and puts forward a number of recommendations regarding the design of policy interventions in this field.

1.2 DESCRIPTION OF THE LSC PILOT

1.2.1 Background

The aim of Article 6 of ESF is to test innovative ideas and approaches on specific aspects of policy which can be taken on board in mainstream Structural Funds programmes. The LSC Pilot was developed as an experiment, principally, for application under the new ESF Regulation for the period 2000-2006. It was considered particularly relevant in informing and serving as a basis in developing a more extensive application of the “LSC approach” under the provisions of Article 4.2 of the new ESF Regulation in Objective 1 and 3 programmes. Article 4.2 stipulates that “the programming of Fund interventions shall provide that a reasonable amount of the Fund appropriations made available for the interventions within Objectives 1 and 3 shall be available.... in the form of small grants, with special arrangements for access by non-governmental organisations and local partnerships....”.

The desire to test this approach reflected a number of policy considerations focused on social inclusion and the weaknesses of past employment policies in reaching those groups in society which are most vulnerable and at risk of exclusion (e.g. long-term unemployed people, older workers, young people lacking qualifications, immigrants, lone parents trapped in welfare dependency, disabled people etc.).

Reasons for these weaknesses were generally accepted to include:

- administrative and procedural complexities (e.g. in application, selection processes, co-funding, payment arrangements etc.) which tend to make main programmes less accessible to groups or organisations working with disadvantaged groups;
- lack of presence of and weak capacity of organisations “closer” to such target groups to participate in labour market programmes;
- targets of public programmes being too ambitious for most vulnerable groups to achieve (e.g. training, qualification and job outcomes etc.) and higher risks associated with projects targeted on the most vulnerable (e.g. that final beneficiaries will not complete and projects, under normal criteria, regarded as “failures”).

Therefore, the design of the LSC Pilot built on a number of features, which were generally regarded as having the potential to address these challenges, namely: capacity building, “pathways” approach, local territorial or area-based approaches, the social economy, as well as a greater reliance on NGOs and decentralised mechanisms for programme delivery, as summarised below.

- **Capacity building measures** in favour of groups and organisations (various types of non-governmental bodies, voluntary and community associations etc.) which are “close” to and can reach disadvantaged groups.
- The “**pathways**” approach **to labour market integration** allowing a start from early stages of insertion (personal development, confidence building) through a series of supportive measures (guidance, counselling, basic training), to build pathways which enable disadvantaged groups to progress towards improved employability and labour market integration.
- **Local territorial or area-based approaches.** Key elements of this approach are “bottom-up” development involving local participation in identifying needs and finding solutions to problems and opportunities; mobilising local resources (physical, human, intangible assets); local partnership; and often the development and strengthening of local intermediary structures and delivery mechanisms.
- A growing interest in developing the role of the **social economy** as a source of job creation, new forms of entrepreneurship and as a means of meeting needs of disadvantaged people and groups in local communities.
- A growing emphasis at EU level on extending social dialogue to include **Non-Governmental Organisations** (NGOs) (e.g. the establishment of the European Social Policy Forum, the Platform of European Social NGOs, the Communication of the Commission on the promoting the role of voluntary organisations and foundations in Europe).
- The **decentralised delivery mechanism** of **Global Grants** was introduced with the major reform of the Structural Funds in 1989 and had been used to a limited extent in mainstream programmes under the Community Support Frameworks, and in Community Initiatives (particularly LEADER in favour of local rural development and the Special Support Programme for Peace and Reconciliation in Northern Ireland and the Border Counties of Ireland using Intermediary Funding Bodies). This form of assistance is considered particularly appropriate for local and regional development programmes allowing greater flexibility to local conditions and greater autonomy in decision-making by local intermediary bodies. The model involves management of a global allocation of funding by intermediary structures. Ease of and more rapid access to funding by final beneficiaries and reduction of administration and procedural complexities are important elements of the thinking.

As a method of delivery, the LSC Pilot was modeled on the experience of the PEACE Programme – specifically on the role of the intermediary structures in managing funds and providing a mix of small grants developmental support to grass-roots organisations. A feature strengthened in the LSC Pilot (compared with the decentralised components of the PEACE Programme) is the requirement for the intermediary to operate with the back-up of a strategic multi-sector partnership.

Other elements of the LSC Pilot have been based on the new concept of “social capital”, which has received considerable attention in academic literature and policy initiatives since the mid-1990’s⁴ and was reflected to some extent⁵ in the design of the LSC Pilot. The concept of “**local**

⁴ See review of the relevance of the concept of “social capital” in Chapter 1.4

social capital” is described by the European Commission as referring to “*features of social organisation such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit*”. Reference is made to the World Bank’s definition of the concept as follows: “*Social capital refers to the institutions, relationships and norms that shape the quality and quantity of a society’s social interactions. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together*”.

A review of the literature on social capital is in Chapter 1.4. Two main dimensions of social capital have been emphasized in the literature⁶:

- **“social glue” or “bonding”** which refers to the degree which people take part in group life, the level of trust they feel when participating in such groups - while group participation itself can help to build mutual trust. This typically relates to high levels of civic participation, active volunteering, and civic networks;
- **“social bridges”** which are the links or connections between groups and which give access to a wider range of players outside of their area or specific interest group. The networks built up between local groups, non-profit organizations, local authorities, public agencies and business - referred to as “civic infrastructure” - often provide the basis of local partnerships, which increasingly in the delivery of public policy.

1.2.2 Objectives

From the above background of the LSC Pilot, and the feedback obtained during the evaluation study from the managers of the Pilot (the European Commission, DG EMPL) and the Intermediary Bodies responsible for the implementation of the LSC projects, the **overall objective of the LSC Pilot was to promote employment and social cohesion through bottom-up initiatives**.

Within this overarching objective, there were **two specific objectives**:

- a primary objective **to test a method of decentralised delivery** – “the LSC approach” – using global grants operated by NGO-led intermediary bodies working through multi-sector local partnerships;
- a secondary objective **to explore the relevance of building local social capital** to employment and social cohesion interventions.

⁵ The Handbook for Promoters, issued by DG EMPL, referred to “local social capital” as “*an intermediary body – operating at regional or local level – providing backup for people who pool their resources with a view to carrying out micro-projects to promote employment and social cohesion*”.

⁶ Lang, Robert E. and Steven P. Hornburg. “What is social capital and why is it important to public policy” in Housing Policy Debate, Volume 9, Issue 1, 1998. Fannie Mae Foundation, Washington, DC.

1.2.3 Modalities

As an innovatory action under Article 6, the Pilot was *managed directly by the European Commission (DG EMPL)*. A Community level *Steering Group*, comprising ESF administrators and NGO experts from the Member States, was convened by the Commission in the initial stages of the Pilot, providing inputs to the Pilot from other relevant experiences.

The *main features* of the LSC Pilot were, as follows:

- Non-Governmental Organisations (NGOs) were used as the delivery mechanism (the beneficiary), responsible for carrying out the operation. An Intermediary Body - IB (an organisation or consortium of organisations) operating at local or regional level was responsible for channeling of funds and providing non-financial support to promoters and managers of micro-projects. IBs were required to demonstrate that they had local knowledge, capacity to set up financial management and audit systems, and the skills and experience needed to work with local groups in initiating and developing projects;
- a global grant from the European Commission was used as the form of assistance to the IB;
- the IBs were required to operate through a wider partnership at local level, including representatives of local or regional public bodies, in order to ensure cooperation and coordination between intermediary bodies and other grant-giving bodies in the area; to supervise/oversee the operation; to draw up activity reports which provide assessment of implementation and results.

Three categories of activity were eligible for support by the IBs and became known as “*micro-projects*”, aimed at:

- restoring social cohesion by ensuring cooperation and solidarity (*MP1*).
- reinforcing local networks and formal and informal groups which seek to facilitate integration of excluded persons into the world of work (*MP2*).
- providing small-scale assistance for the start-up of micro-businesses or cooperatives (*MP3*).

Intermediary Bodies provided the following types of support to micro-projects:

- direct financial support in the form of *micro-grants* - generally to a maximum of €10,000 EURO per project;
- *participatory supervision* in all stages of the project - from design, through implementation to evaluation of activities and results;
- *technical support and advice* directed to assisting the weakest parts of the community to undertake the management and implementation of projects.

Other features of the LSC Pilot included:

- *evaluation* involving both external evaluation of the LSC Pilot as a whole (programme level) and project-level evaluation carried out either by the IBs themselves (self-evaluation) or by external evaluators engaged by the IBs;
- an element of *transnational networking* promoted by the Commission, mainly through meetings open to representatives of all IBs and Member State representatives: launch event (September 1999), evaluation briefing (December 1999), and summer schools (in

June 2000 and June 2001). There were also some ad hoc meetings organised by some IBs which were also attended by representatives of IBs from other countries.

In terms of *timescale for implementation*, the performance period of LSC projects was originally 30 months, starting in 1 September 1999 and ending on 28 February 2002. Seventeen projects were completed by this deadline and 13 projects were extended by a few months (see *Table 1*).

On *financial aspects*:

- The total budget available for the Local Social Capital Project was to be approximately 25 million EURO; offering an average grant of €1 million to intermediary bodies and a maximum of €2 million in exceptional cases – *see actual funding and amounts of grants allocated in section 2.1, below*.
- There was a cofinancing requirement in the programme. The Community contribution may not exceed 87% of the total cost of the operation. Cofinancing by the IB may be provided in cash and/or in-kind.
- There was also a requirement for a financial guarantee (which must be submitted and updated by the beneficiary when the first and second advance payments respectively are requested).
- In relation to expenditure, operating costs for the functioning of the IBs (staff, travel, advertising, external evaluation etc.) must not exceed 20% of the total costs or conversely 80% of the approved budget must be distributed in the form of small grants to micro-projects.

***Reporting requirements* of the EC DG EMPL from IBs were, as follows:**

- An Inception or Start-up Report (by February 2000);
- Quarterly Reports during implementation.
- Two (more substantial) Interim Reports accompanied by a Financial Report (by September 2000 and September 2001).
- Final Report.

To assist intermediary bodies, a *Handbook for Promoters* providing information on the requirements of the Commission in terms of the contractual framework, the funding of the operations and reporting requirements, as well as guidance on how to run different operational phases of the implementation was issued to IBs supported under the Pilot.⁷

Within the above framework, IBs had a high degree of discretion on how to operationalise the Pilot through the priorities and modalities of their own LSC projects, including the type of micro-projects they supported, the groups they targeted or worked with, and the interpretation they attached to the concept of “social capital” – *see Part 2*.

The 30 projects that were supported by the Pilot are identified in Summary Table I, below. Their main characteristics are presented in *Annexes 2 and 3*, including territorial coverage, information on the beneficiaries, intermediary body and partnership arrangements, IB experience and targeting policy.

⁷ Local Social Capital Art. 6 ESF. *Handbook for Promoters*. Issued by EC DG Employment.

Summary Table I: Projects Supported by the LSC Pilot

	Ref No	Project Identification ¹	Project Name	Intermediary Body
1	980006AT0	Telechance, Burgenland, AT	Telechance	Telechance
2	980008AT0	VFR, Oststeiermark, AT	Sozial Innovativ 2000 und Oststeirische Grunderschance 2000	Verein zur Förderung der Regionalen Entwicklung Oststeiermark
3 (s)	980003AT0	IFA, Kärnten, AT	IFA Kärnten Institut für Arbeitsmarktbetreuung	Institut für Arbeitsmarktbetreuung, Kärnten
4 (s)	980012B0	CeSIE, Kortrijk, B	CeSIE	CeSIE
5	980017B0	ASSETIP, Brussels, B	Micro-BxL	ASSETIP
6 (s)	980060D0	LEB, Weser Ems, D	LOS	LEB
7	980050D0	ReFIT, Jena, D	Local Social Capital	ReFIT.e.V
8	980013D0	Diakonie, Sachsen, D	Diakonisches Werk der E.-L. L Sachsen e.V.	Diakonisches Werk der E.-L. L Sachsen e.V.
9 (s)	980045D0	Deutsche K&J, Berlin, D	MicroPolis	Deutsche Kinder und Jugendstiftung GmbH
10 (s)	980004DK0	Fribørsen, Aarhus, DK	Fribørsen	Fribørsen
11 (s)	980001EO	OATEP, Crete, EL	Local Social Capital	Development Agency Temenous Padiadas S.A.
12 (s)	980012ES0	Fund. Mujeres, Caceres, ES	Tercera Via	Fundacion Mujeres
13 (s)	980100ES0	Fund. Ozanam, Zaragoza, ES	Red de Empleo - CLS	Fundacion Federico Ozanam B S y CI
14	980099ES0	Fund. E&S, Madrid, ES	Capital Local con Finalidad Social	Fundacion Empresa y Sociedad
15 (s)	980065ES0	FVECTA, Valencia, ES	AMANECER	FVECTA
16	980076ES0	Fund. CIREM, Barcelona, ES	La Mina	Fundacion CIREM
17	980060ES0	ACAFAM, La Laguna, ES	Proyecto AULAGA	ACAFAM
18 (s)	980027ES0	A V Kent, Campo de Gibraltar, ES	Plataforma de Apoyo Local del Campo de Gibraltar	Asociacion "Victoria Kent" de Algeciras
19 (s)	980039F0	ADIE, F ³	Capital Local ADIE	ADIE
20	980016F0	AFA, F ⁴	Capital local à finalité sociale	Association France Active
21	980013F0	CPEM, Marseille, F	Capital Local Marseille	CPEM
22 (s)	980017FI0	Huhtasuo, Jyväskylä, FIN	Antenni	Huhtasuo 2000
23 (s)	980007I0	Consorzio N&V, Cascia, I	Capitale per lo sviluppo sociale e l'occupazione della Valnerina, del Subasio, dei Monti Martani, del Serano della Valle Umbra Sud	Consorzio del Bacino Imbrifero Montano del Nera e Velino
24	980039I0	ACOP, Foggia, I	Concertazione, Interazione e Vitalita sociale per lo Sviluppo socio economico della Capitanata	Associazione Compagnia delle Opere Puglia
25	980005I0	CERFE, Pisa, I	Capitale sociale locale nell'Area Pisana	CERFE
26 (s)	980023IR0	PAUL, Limerick, IRL	Limerick Local Social Capital	PAUL Partnership
27 (s)	980002P0	NERSANT, Torres NovasP	Fundo Capital Local com Finalidade Social	NERSANT
28	980028UK0	SCVO, Scotland, UK	Building better futures with Local Social Capital	Scottish Council for Voluntary Organisations
29	980047UK0	VAM, Manchester, UK	ACORN	Voluntary Action Manchester
30 (s)	980049UK0	PCP, Plymouth, UK	From Ideas to Action	Plymouth Community Partnership Ltd

(1) Short project name and main area of operation, as used in this report

(3) The ADIE project operates in Poitou-Charantes, Marseille, Val d' Oise and Seine-St Denis

(4) The AFA project operates in Drôme-Ardèche, Midi-Pyrénées and Bretagne

(s) Sample project

1.3 STUDY METHODOLOGY AND WORK CARRIED OUT

1.3.1 Terms of Reference of the Study

The objectives, priorities and key elements of the methodology of the study were specified in the Terms of Reference, which are included in *Annex 1*.

The purpose of the study was “*to evaluate the effectiveness of the approach of the Local Social Capital pilot project*”. The terms of reference stressed that “given the pilot nature of the scheme, *the main emphasis of the evaluation should be on process and methodology* and how these allow for innovation”.

This was a *programme-level evaluation* concerning the LSC Pilot in its totality, rather than an evaluation of the individual projects that were supported by the Pilot. It was an *on-going evaluation* and, as such, was carried out over the same time period as LSC projects were being implemented, but included a small *ex post* element, in the form of final reports submitted by IBs to the Commission.

The main aspects that the evaluation was required to cover were:

- a general assessment of the delivery mechanism (intermediary bodies);
- effectiveness and impact of the LSC approach;
- capacity for mobilising and involving local communities;
- capacity for financing projects;
- capacity to support micro-projects;
- ability to exploit synergy with policies and programmes;
- innovation;
- transferability and potential for mainstreaming.

The key evaluation questions addressed by the study are presented in the Summary Table at the end of this section, together with the criteria, indicators and sources of information used to establish the main findings and conclusions of the study against these questions.

1.3.2 Methodology

The terms of reference provided the broad framework of the methodology that was followed by the study. It was developed further and the Inception Report defined a fuller methodology. This distinguished between (see *Overview Chart* at the end of this section):

- contextual aspects, eg local territorial conditions, needs of target groups, etc;
- types of impact (eg on final beneficiaries, capacity building effects on local organisations, on policy (innovation and mainstreaming);
- factors affecting impact, eg capacity of IBs, nature and design of actions;

The methodology also explored a range of potential evaluation criteria concerning: relevance and appropriateness of the design of the Pilot; efficiency; effectiveness; and impact/sustainability.

This framework - its basic concepts and evaluation criteria - was tested in Year 1 of the study through the compilation of baselines for each of the sample projects and the first round of assessment visits, and other feedback from the IBs including their reporting to the Commission. As a result, the concepts were refined and a relatively small number of criteria and core indicators were selected for use in Year 2 and Year 3 of the study.

The methodological refinements and the selection of criteria and core indicators of relevance across the 30 projects supported by the LSC Pilot reflected serious data limitations and conceptual constraints, the latter arising mainly from the marked diversity of LSC projects in terms of area characteristics and other features⁸. The core aspects that were assessed by the study and which provide the “backbone” of Part 2 of this report are outlined below⁹.

The results of basic *outputs of implementation* were examined in terms of the total number of micro-projects supported and their split by type and objective of the micro-projects into MP1/MP2 (activities promoting social cohesion and networking) and MP3 types (support for the start-up micro-businesses and cooperatives).

Effectiveness was examined by focusing on the following aspects:

- whether the LSC projects reached priority (in ESF terms) groups, and especially most excluded sub-groups which are not usually reached by main programmes;
- whether these groups and sub-groups achieved positive outcomes, ie made progress towards inclusion and employment.

Impact was assessed by focussing mainly on two inter-linked aspects:

- the capacity of intermediary organisations and structures;
- the level of social capital in the area covered by the LSC project.

The key aspects of *the method of operation and implementation* examined were:

- partnership: structure, models, capacity;
- type of support offered to micro-projects: outreach and accompaniment; direct financial support through small grants;
- management, monitoring and evaluation issues;
- promotion and publicity.

⁸ Data limitations were the result of lack of information at the territorial level of many of the LSC projects (eg data on the change in the number of NGOs in the timescale of the LSC project. Data limitations also reflected ambiguities and differences in the operationalisation of the LSC concepts and modalities, such as:

- the diverse typology of partnership structures and terminology used.
- the distinction between MP1 and MP2 types of micro-project (many IBs found it difficult to make such a distinction and to record and report accurately, if at all, to the Commission on this aspect).
- analysis of project idea enquiries by potential MP promoters (this was impractical as a measurement of interest generated by the IBs, since there were differences in the method of recording the enquiries).

⁹ The evaluation checklists and interview schedules which were developed for the second round of assessment visits include a more precise specification of criteria and indicators. See Annexes 4 and 5.

The study considered a range of *factors influencing the effectiveness and impact* of the Pilot and its projects, including decentralised delivery, capacity for mobilising resources, links with other programmes; and capacity for financing projects.

Building on the above key aspects and core indicators, the study explored a number of other aspects, relying primarily on qualitative evidence which was not always available across the whole Pilot. These aspects include innovation, transferability, spin-offs.

The full list of the evaluation questions addressed by the study and related methods is in *Summary Table III*, at the end of this section.

Work organisation and main tasks carried out

The evaluation team was structured, as follows:

- a **core team** responsible for conducting Pilot-wide information gathering and analysis, and report preparation, as well as for participating in transnational activities of the Pilot such as briefing meetings and summer schools;
- a **network of assessors**, including members of the core team, responsible for carrying out the assessment visits to the selected sample projects and for providing inputs to the Pilot-wide aspects of the study;
- a **scientific advisory committee**, providing guidance and advice on methodological issues and on the conclusions and lessons that can be drawn from the findings of the study.

The research undertaken by the study was conducted at two levels, in line with the terms of reference: at a general level covering all 30 projects of the Pilot; and in greater depth with a sample of 16 of the projects.

The main tasks carried out by the evaluation team can be summarised, as follows:

- **Information gathering** from the Commission's management information system and supplementary information from the IBs, maintaining a database for the projects supported by the Pilot, carrying out *analyses of the information* at various stages of the study.
- Conducting two rounds of **assessment visits** to a sample of 16 LSC projects (see *Summary Table II*, below, and *Annex 2*¹⁰). These included interviews with:
 - representatives of the Intermediary Body;
 - members of the local partnership;
 - a sample of micro-projects (see *Annex 6*);
 - a small number of independent reviewers¹¹.
- Administering **mini-surveys**, including:
 - Intermediary Bodies using the evaluation checklists;
 - Intermediary Bodies, using a questionnaire on project-level evaluation;

¹⁰ The sample projects were selected by the European Commission, on the basis of an assessment presented in the table of Annex 2

¹¹ This element was added in the 2nd round of assessment visits in order to introduce an element of validation, in view of the preponderance of qualitative information and IB estimates used in the evaluation.

- National ESF units, using a questionnaire on additionality and mainstreaming.
- Other tasks and activities, including:
 - assisting in organising and participation in the LSC summer schools and other transnational events;
 - preparation and dissemination to LSC projects of guidance on self-evaluation
 - literature reviews;
 - planning and review meetings with Commission representatives.

The main activities and outputs of the study are summarised in the table below.

Summary Table II: Main Activities and Outputs

Year 1	
Steering Group / Briefing	December 1999
Inception Report	April 2002
Summer School	June 2000
Interim Report	July 2002
Assessment visits to sample projects	July – October 2000
Final Report (Full Report & Summary Report)	Oct - December 2000
Presentation to ESF Committee	December 2002
Year 2	
Mini-surveys of IB on self-evaluation & Member States on mainstreaming	February – May 2001
Summer School	June 2001
Interim Report	July 2001
Evaluation checklists / IB responses	July-September ? 2001
Final Report (Full Report & Summary Report)	Oct - Dec 2001 / January 2002
Year 3	
Assessment visits to sample projects	Dec 2001 / July ? 2002
Interim Report	July / Sept 2002
Final Report	October - December 2002

Sources of Information

The main sources of information used in this study are summarised below.

Reports submitted by the IBs to the Commission:

- Inception or Start-up Report;
- Quarterly reports (including information on publicity and project development activities and micro-projects selected in the relevant quarter);
- Two Interim Reports (including more detailed information than the quarterly reports, plus a financial report with aggregate data on micro-projects);
- Final report (including the results of the project's own evaluation/self-evaluation and the up-dated evaluation checklists – *see below*).

Evaluation Checklists:

Two evaluation checklists were used (see *Annex 4*): **Checklist 1** for all LSC projects covering information on target groups and positive outcomes achieved; and **Checklist 2** for the sample projects covering aspects such as links with other programmes/agencies, capacity improvement, and evidence of “growth” in local social capital. IBs were asked at two points in time to provide their responses to the questions set out in the checklists: in the Summer of 2001; and on completion of the project. The latter, was also incorporated by DG EMPL in its requirements for the Final Reports of IBs.

Reports of project-level evaluations:

There were reports of self-evaluation by the IB or by an external evaluator engaged by the IB. There was no uniformity in terms of scope, method and timing of these exercises but feedback was obtained from some two-thirds of the LSC projects – see *section 2.4*. The method of reporting also varied: some IBs made unavailable separate evaluation reports, whilst others included the results of the evaluation in their final report to the Commission.

Notes of assessment visits:

Notes of interviews with managers, partnership representatives, micro-project promoters and independent reviewers (see *Annex 5*). The 16 sample projects were visited twice by the assessors. The first round of visits took place from July to October 2000 and the second from December 2001 to July 2002.

Other information was obtained:

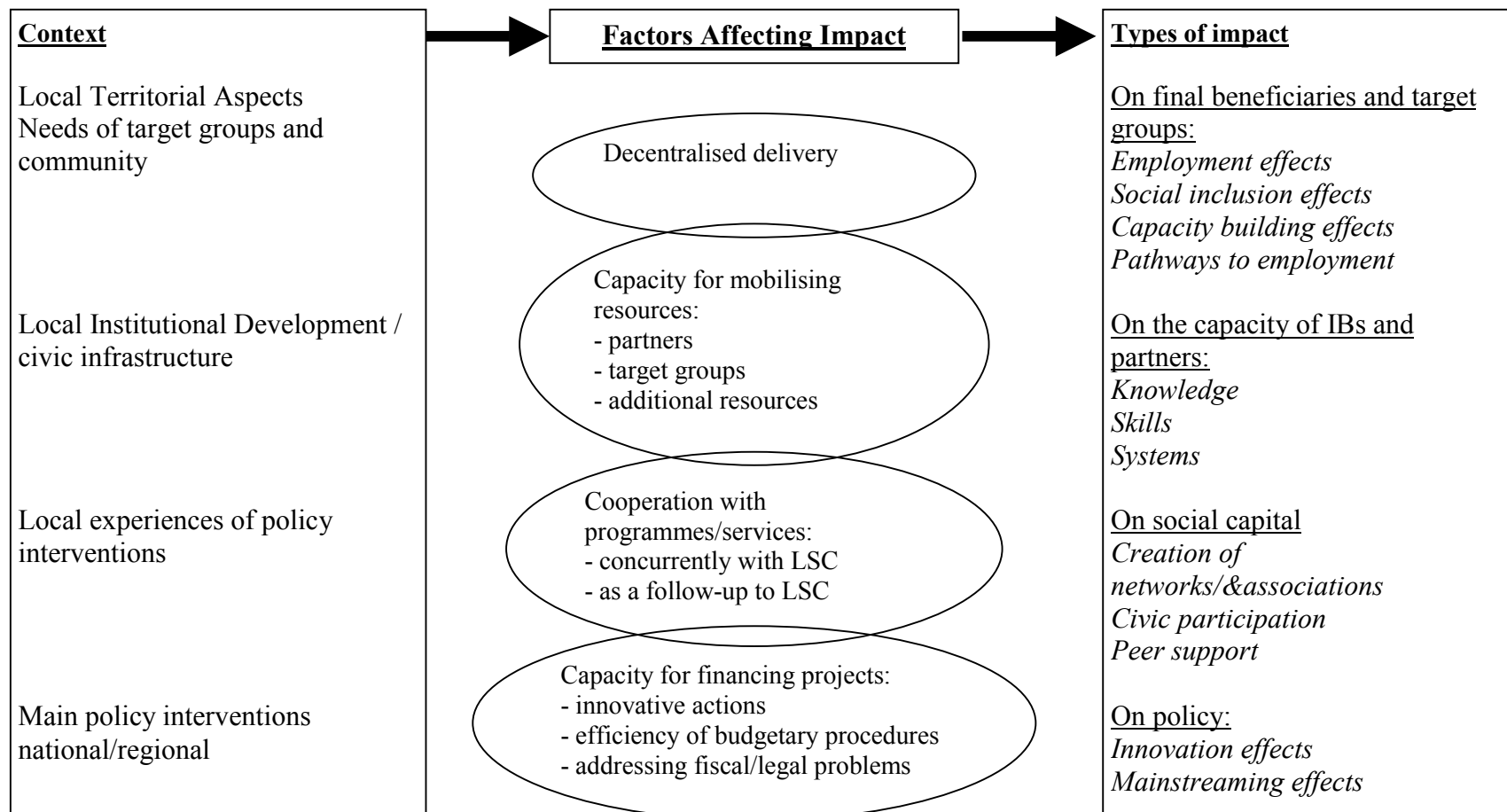
- directly, from the IBs, especially as part of the assessment visits (eg internal reports, leaflets/brochures, press reports, project selection criteria, etc)
- indirectly, eg from IBs presentations and debates at Summer Schools, and various meetings organised by the IB themselves;
- from the Commission’s management information system, eg such as financial information;
- from Member States, directly through 2 rounds of consultations with national ESF Units (a preliminary round in Year 1 and a further round in Year 2), and indirectly through the discussions of the Steering Committee;
- from reviews of relevant literature, notably concerning “social capital” and other documentation of relevance to Art 6, 4.2 and global grants.

Summary Table III: Key Evaluation Questions and Related Methods and Information

Key evaluation questions	Criteria and indicators used to establish findings and conclusions against key evaluation questions	Sources of information	Report section(s) where the question(s) are answered
General			
Clear, concrete objectives of the LSC project	<ul style="list-style-type: none"> - Degree of understanding of LSC - Evolution of the concept for IBs - Combining social inclusion and labour market objectives 	Interview schedules Final reports	2.1.1
Assessment of the decentralised delivery method	<ul style="list-style-type: none"> - Difference from other programmes - Value added 	Interview schedules Final reports	2.5.2 3.1
LSC alleviates difficulties of bureaucracy and complexity of administrative procedures	<ul style="list-style-type: none"> - Value added - Changes in procedures during the project - Problems encountered by promoters 	Interview schedules Final reports	2.5.1 2.5.2 3.1
Appropriateness and relevance of the LSC approach	<ul style="list-style-type: none"> - Comparison with other types of activity - Results achieved - Degree of social and labour market inclusion achieved 	Interview schedules Final reports Social capital literature	2.5.1 3.2.2
Cost effectiveness of the LSC approach	Inputs and outputs of the project	Interview schedules	2.4.3.1
Effectiveness and impact of the LSC approach			
Effectiveness in reaching (ESF) priority groups & highly disadvantaged groups	<ul style="list-style-type: none"> - Whether priority groups & highly disadvantaged groups were reached - Positive outcomes achieved 	Checklists Self-evaluation reports Interview schedules	2.2
Impact in improving social cohesion and employability	<ul style="list-style-type: none"> - Positive outcomes achieved - Results/outputs - Number of NGOs/associations - Civic participation 	Checklists Self-evaluation reports Interview schedules	2.3
Impact on the capacity of IBs and partners	<ul style="list-style-type: none"> - Fields of capacity improvements - Intensity of capacity improvements 	Checklists Interview schedules Final reports	2.3
Capacity for mobilising and involving local communities			
Structures that worked best in terms of involving local communities and building partnerships	Strategy, cohesion and capacity of partnership	Interview schedules Final reports	2.4
Effectiveness of partnership between IBs and regional or local public authorities	<ul style="list-style-type: none"> - Links developed with social and employment services. - Degree of involvement of local development agents or social workers 	Interview schedules Final reports	2.4.1.1
Success of IBs in becoming a focal point in the mobilisation of local communities (including beyond the present project)	<ul style="list-style-type: none"> - Mobilisation of partners. - Mobilisation target groups and local communities. - Mobilisation of additional resources. 	Checklists Interview schedules Final reports Self-evaluation reports	2.4.1.2 2.5.3 3.2.1
Role of LSC amongst the rest of the activities of the IB	<ul style="list-style-type: none"> - Profile of the IB - Range of LSC activities 	Interview schedules IB publications/ promotional material	2.4.1.1
Spin off effects throughout the community	<ul style="list-style-type: none"> - Increased awareness - Improved image - Changes in attitudes - Changes in approaches/methods for local development 	Interview schedules Final reports Local press	2.3.4

	- Increased social cohesion		
Capacity for financing projects			
Criteria used by IBs for distributing small grants	- Transparency of criteria - Simplicity of selection process - Targeting strategy	Final reports Interview schedules	2.1.2 2.2.1
Innovative projects/ actions supported	- Types of projects - Sectors - Fields of activity	Checklists Final reports Interview schedules	2.1.2 2.5.5.1 3.1
Efficiency of budgetary procedures	- Problems encountered - Simplification achieved	Interview schedules Final reports	2.4.3.1
Capacity to address legal/fiscal problems	- Problems encountered - Solutions achieved	Interview schedules	2.5.53
Capacity to support micro-projects			
Ability to reach new people who would not have otherwise benefited from ESF support	- Target groups reached - Priority groups supported - Highly excluded groups supported	Checklists Interview schedules Final reports	2.2.1
Quality of monitoring and accompaniment provided by IBs	- Active support provided - Personalised, flexible support - Offering pathways to inclusion and employment - Development of monitoring and accompaniment systems/methods - Extent of support (all stages, some)	Interview schedules Final reports Project level evaluation / self-evaluation	2.4.1.2 2.4.2 2.4.3.2
Impact of MPs on individuals and wider spin offs	- Positive outcomes achieved - Results achieved - Job creation	Checklists Interview schedules Evaluation reports	2.3.1 2.3.4
Ability to exploit synergy with policies and programmes			
Links with other programmes and services	- Links with programmes (EU, national regional) - Links with services with typology of services (eg, accompaniment, promotion, etc) - Paths towards inclusion achieved	Checklists Interview schedules	2.5.4
Innovation			
What was found to be innovative; Certain IBs more innovative than others; Barriers to innovation; LSC approach better way for promoting social integration and employment.	- Organisation and management - Contractual and financial management - Excluded groups participation - Links with other programmes/services	Interview schedules Final reports	3.1
Transferability and potential for mainstreaming			
National conditions more effective than others; Barriers of the IB structure & operations; Sector specific IBs more transferable than those that covered all three categories (MP1/2 & MP3); Potential for mainstreaming certain types of projects; Ability to disseminate information; Value added of IBs being part of a network instead of operating in isolation; Potential for transnationalisation of projects.	- Typology of projects - Barriers encountered - Sustainability indicators - Attitudes towards mainstreaming - Steps taken towards mainstreaming	Interview schedules Final reports	3.2.1

Overview Chart: Overall Evaluation Framework



1.4 REVIEW OF SOCIAL CAPITAL LITERATURE

A review of the literature on social capital was carried out in order to provide some background on the concept. It should be noted that the LSC Pilot was not driven by the definitions and theoretical framework of social capital but instead **used “social capital” as a means to promote social cohesion and employment.**

This section provides a review of definitions of social capital and of issues regarding the application of the concept, the role of NGOs in social capital and policy implications of using actions that stimulate social capital in order to promote social inclusion and employment creation.

1.4.1 Review of definitions and issues regarding the application of the concept

There are many definitions – some focus on social structures, some outcomes, etc. Most are very general and can cover a plurality of situations. Definitions entail three elements:

1. Norms, values, attitudes centred on those which produce trust and reciprocity, and sanctions. The last element concerns sanctioning opportunistic behaviour and code of practice to guide how members behave towards each other;
2. Networks (personal and organisational);
3. Consequences or functions of social capital.

Although there is not consensus on what fits within and what is outside of the definition, there is some consensus that social capital has the following dimensions:

- **Strong ties corresponding to bonding or “social glue”** involving dense networks, connections to people “like you”, important for survival “getting by”.
- Weak ties (Granovetter, 1973) and **bridging social capital or “social bridges”** involving extended or weaker networks, connections to people “not like you”, important for “getting ahead”.
- **Linkage** – in terms of **institutional state-society relations** has been added more recently as a third dimension of social capital (Woolcock, 1998) and is emphasised by the World Bank. It involves connections to people in power “links” which promote access to resources.

Regarding the **application of the concept**, a key question relates to whether social Capital is a form of capital, in other words, whether it is appropriate to use the term capital at all.

Literature examining the links between social and other forms of capital reveals strong links between social capital and education (Bourdieu, 1986; Coleman, 1988) and human capital (Temple, 2000; OECD, 2001), more specifically:

- The **level of education** is the **strongest predictor of social capital** in terms of propensity for civic engagement (interest and participation in civic affairs);
- Developed social capital is a key factor in explaining positive educational outcomes for children (Coleman, 1988);

Work by Bourdieu (1986) aimed to theoretically refine links between social and economic capital. However, some authors argue that lack of development of this aspect in current application is a major weakness.

Box 1
Relevance of definitions and application of concept to the LSC project under Article 6 of ESF

- ◇ The LSC scope and objectives addressed all three elements of social capital;
- ◇ **Bonding or “social glue”**, involving dense networks was evident in most cases through actions that supported the creation of networks amongst for example immigrants, rural women, young unemployed, young immigrant, people with special difficulties (disabled, chronically ill, alcoholics, drug addicts, etc);
- ◇ **Bridging social capital** involving extended networks was not very evident with a few exceptions of networks that promoted links between different target groups, involving the whole local community (for example cultural events and fairs, sports events, networks to raise awareness on environmental issues, etc);
- ◇ **Linkage in terms of institutional state-society relations**, was an inherent part of the LSC method of operation through partnership and participative approach, even though relations between state and non-state institutions/organisations were not always effective (in most cases, the public sector involvement was not very active);
- ◇ In applying the concept of social capital in the LSC project, **education** in the broader sense **through training, capacity building** was a key element of LSC projects (namely MP1/2).

1.4.2 Why is social capital important

The social capital literature suggests social capital may have a range of potential beneficial economic and social effects, for example:

- It may facilitate higher levels of, and growth in, GDP;
- It may facilitate a more efficient functioning of labour markets;
- It may facilitate educational attainment;
- It may contribute to lower levels of crime;
- It may lead to better health;
- It may improve the effectiveness of institutions of government.

There are also some **implications** that need to be taken into account, for example different types of social capital are relevant to different social and economic outcomes:

- Over an individual’s lifetime, different types of social capital may be important at different times:
 - in childhood, early youth and old age, when physical and mental development or health are crucial, bonding social capital may be very important;
 - in adult life, a combination of bonding and bridging social capital may be needed with **emphasis on bridging capital at times of job search**;
- **Health outcomes** seem to be most heavily affected by close bonding social capital, while **economic outcomes rest more heavily on diffuse bridging social capital**;
- **Efficacy of the public sector** may rest most in forms of social capital that develop **shared norms of cooperative behaviour**;
- Crime prevention and educational outcomes appear to require a variety of types of social capital.

Evidence in the literature on **beneficial effects** of social capital on economic growth, crime, health and education, distinguishes between impacts at:

- the individual or micro level, i.e. the effects on individuals of having more or less social capital, such as having more friends or more supportive relationships;

- the community or *mezzo* level, i.e. **social spillover effects from living in a strongly bonded community**. Even if a given individual does not participate in community life, if those around them do, then that individual still benefits;
- the national or macro level, i.e. national or regional partners.

Box 2

Relationship between social capital and key policy outcomes

Economic growth:

- ◇ the literature contains theoretical and empirical evidence that social capital affects form and level of economic growth. Social capital facilitates the flow of information and lowers transaction costs, notably through increasing trust. Bridging social capital seems especially important as does the creation of a shared normative framework at a very general level;
- ◇ the LSC Pilot showed that LSC actions have the potential to achieve economic growth, for instance:
 - LSC actions can contribute to local economic growth through increasing **trust, responsibility and motivation of participants** (evidence of bonding social capital), that facilitate flow of information within/between local communities and economic agents;
 - the creation of a shared normative framework could be achieved through the establishment of **formal partnership structures with a variety of partners** from all sectors;
 - general economic growth would be possible through **job creation** (start-up of micro-enterprises, cooperatives, pathways to employment offered through training/capacity building actions and jobs obtained through social networks);
 - **bonding social capital** could be important for stimulating economic growth through improving the “social glue” of the areas, for example in countries like Spain, Greece and Portugal, while **lack of bridging social capital (especially important for job search)** in some areas was a weakness, for example in the UK and Ireland where there is a saturation of actions of a bonding nature.

Crime prevention:

- ◇ the literature contains evidence of the impact of social capital on crime at all levels. Multiple pathways are operating, but especially “social control” through the internalisation of values through social networks;
- ◇ the LSC Pilot supported **actions that could have an impact on crime levels**, notably in areas with social tensions (eg, PCP, Plymouth, UK) or where illegal immigration and smuggling are conducive to crime (eg, AV Kent, Capo de Gibraltar, ES).

Education:

- ◇ the literature contains evidence that social capital may prove to be the single most important variable to impact on educational attainment, with much greater importance than the resources conventionally focused on;
- ◇ education was not the focus of ESF targeting through the LSC Pilot, however, **education in the broader sense**, as mentioned above, **through training/capacity building**, was an important variable of the Pilot to impact on **improving skills and employability**. In addition, the importance of capacity building was also evident in actions related to enterprise creation. Such actions can be regarded as crucial for achieving inclusion and employment, compared to conventional ones, as they included a **combination of direct and continuous support** (capacity building) and the **provision of grants for start-up**.

Health:

- ◇ the literature contains evidence that social capital is strongly casually implicated at individual level, mediated through both instrumental support and impact on stress reaction. Bonding social capital seems most important;
- ◇ the LSC Pilot supported a **variety of actions addressed at target groups with health problems**, for example physically and mentally disabled, psychologically ill, permanent illnesses (Alzheimer, multiple sclerosis) alcoholics, drug addicts, etc. In these cases, actions involved a **high degree of bonding social capital** which was most appropriate for such target groups.

1.4.3 The role of NGOs in social capital

There is agreement in the literature that activity level of NGOs is not the whole picture – informal sociability and activities (sports, culture, religion) - which have “spill over” effects on social capital – are also important (Putnam, 2000).

Putnam (1993, 2000) emphasises NGOs operating in a local setting involving a high degree of face-to-face contact – people get to know each other, there are opportunities for trust to develop, etc.

There are attempts at classification of social capital networks based on NGOs (Harriss and de Renzio, 1997; Hibbit, Jones and Meegan, 2001). The former relates to developing world context (World Bank), the latter adapting the former schema was applied to Merseyside (UK) Objective 1 capacity building programmes:

- **Social networks and associational life:** linking individuals in an area for common purposes (youth clubs, community centres, etc); mainly “**social glue**” (bonding);
- **Cross-sectional linkages:** Networks linking organisations for different sectors of society. Examples: regeneration partnership structures, Housing Associations, Community Safety Programmes, etc;
- **Political capital:** to forge relationships between **civil society and the state** – mechanisms to mediate conflict – hear and channel demands. Examples: formal and informal institutions and processes such as tenant and resident associations, community fora, neighbourhood councils.

There is a difficulty with “partnerships” and place-based social capital which are often seen by people / communities as “part of the state sector”.

Box 3 Role NGOs in social capital in the LSC Pilot

The LSC Pilot provided extensive evidence that partnerships and area based social capital were **not** seen by people/communities as part of the state sector. Instead, the local presence of IBs and personalised support offered by IBs and partners contributed to **improved image of the IB** seen as a **local** (not state) **development partner** and one that **excluded groups can refer to for support, advice and information**.

The **role of NGOs was crucial in the LSC Pilot** as they were **involved in both management** and running of the Pilot (IBs were NGOs and some partners were NGOs) **and as beneficiaries** (many MPs were carried out by NGOs, while some MPs were about creation of NGO networks).

1.4.4 Policy implications

The literature suggests that social capital’s importance is an amalgam of both ends and means. Some aspects of social capital, such as inter-personal trust, are clearly desirable in themselves. Other aspects are more **instrumental**. To the extent that social capital is an end in itself this raises the question whether there should be a social capital policy and an associated strategy to promote it. To the extent that social capital is a means to an end, it might be argued that the emphasis is switching instead to decisions on how to allocate, develop and use it more efficiently in pursuit of final policy goals. However, even in these circumstances, there may still be a powerful case for social capital policy.

Drawing out policy implications of social capital requires the following:

- **A clear rationale for public policy intervention.** Ways in which the state can intervene include:
 - Directly by supporting voluntary activity (Hall, 1999), capacity building and participation in process of government;

- Government intervention to change conditions – i.e. indirect – especially in relation to education (Fukuyama, 1995);
- Review / “proofing” government policies – no adverse effects on social capital networks – “do no harm” - enhancement of social capital (Putnam, 2000; OECD, 2001).
- A means for **measuring** social capital (see *annex on social capital* for ways of measuring social capital);
- An understanding of how easily or in what circumstances public policy **can change social capital**;
- An appreciation of the circumstances in which state intervention will have **beneficial effects**;
- An understanding of the **strategy and policy instruments** most likely to **deliver positive outcomes**, including circumstances in which objectives in relation to social capital may have to be treated off against other policy objectives.

When looking at the **rationale for public policy intervention**, there are economic efficiency and equity arguments, more specifically:

The main **economic efficiency arguments** are:

- the accumulation of social capital may generate either **positive or negative externalities**, depending on how it is used and the form that it takes. This suggests that in the absence of public policy intervention, private economic agents may under-invest in beneficial kinds of social capital and over-invest in less beneficial kinds of social capital (either because they cannot appropriate the wider benefits or because they do not bear the external costs);
- social capital may **improve information flows and reduce transaction costs** (barriers to the efficient operation of markets) and thus promote more effective competition.

The main **equity arguments** are:

- **some groups have better access to social capital** (networks, contacts, etc) than others, **contributing to social exclusion**, and this differential is particularly large and growing in most countries where the Pilot was implemented;
- **social capital may be used by some groups to deny opportunities to others**. This may hinder social mobility and contribute to intergenerational inequalities as for example, middle class parents use social capital to pass privileges on to their children (Aldridge, 2001).

In many areas, the social capital literature gives added weight to **existing policy interventions**. A range of existing policies and programmes contribute to the accumulation of beneficial social capital even if they are not necessarily articulated in social capital terms. Examples of existing policy interventions relevant for the LSC Pilot include:

- **the Connexions service** (accessed by PCP, Plymouth, UK, project), which is rolled out in England in 2002/03, will provide young people aged 13-19 with a **personal adviser** who can offer practical help with choosing courses and careers, including access to broader personal development through activities like sport, performing arts and volunteering activities. Such advice and mentoring can help both to complement and build an individual’s social capital, particularly **bridging** social capital;
- **working with the voluntary sector** to create beneficial forms of social capital (i.e. fostering community), not displacing it;
- **corporate social responsibility** initiatives may play a part in building social capital between different groups (e.g. the business community and civil society), raising levels of trust and thus promoting economic efficiency.

The social capital literature suggests a **range of potential new policy initiatives and levers**. The common theme is that **social networks** have wide ranging value and generate substantial **positive externalities** that impact on a range of policy areas.

SOCA0246ch1.1-1.4fn