



Enterprise and innovation in deprived urban areas

sharing the European experience

The European Learning Network newsletter, Issue 4, July 2005

Welcome to the fourth European Learning Network (LNet) newsletter. The Network partners – Amsterdam, Hamburg, London, Milan and Prague – are all actively developing and implementing policies to promote enterprise in deprived urban neighbourhoods. Through LNet the cities will develop common approaches to realising the economic and social potential of deprived urban areas and practical tools to support enterprise in these areas.

- LNet update

LNet 1st dissemination seminar in Prague April 28th, 2005

LNet moved East in April, with the first dissemination seminar in Prague on 28th April. The event successfully engaged a wider audience of city managers and practitioners involved in regeneration issues from cities outside the core partnership, particularly from the new EU Member States and bordering countries. Tony Travers, President of the London Group at the London School of Economics, chaired this day to which 130 delegates attended, coming from 18 countries, including 9 Central and Eastern European countries, Albania, Belarus, Bulgaria, Croatia, the Czech Republic, Romania, Slovakia, Slovenia and Poland.

The seminar provided an opportunity to present the project and its working method, a shared learning process based on a quality assurance framework aimed at identifying and successfully transferring interventions under the three LNet themes: social enterprise, entrepreneurship and innovation.

The event was also offered a forum to showcase initiatives from outside the LNet partner cities, as delegates were asked to contribute their own case studies and experiences to the event to promote a wider sharing of experience. This also helped to demonstrate the high level of interest in LNet's work on the promotion of enterprise in deprived urban areas across the EU and beyond.

Here we present some of the case studies presented during the event and key issues discussed.

Social Enterprise

The regeneration of deprived urban areas is often linked to strong public investment, raising issues of sustainability and the need to diversify activities, reducing dependency on subsidies and on political priorities and will. Social enterprise provides a potential solution to this issue, as it combines entrepreneurial spirit to social objectives and goals. LNet focuses particularly on practical approaches to linking communities to markets and supporting business environments which are responsive to local needs.

During the seminar, Milan presented a case study on the Citizenship Agency, a successful organisation providing support to social enterprises in the Milan province in the areas of social management, training, legal advice, support with ICT skills. The Agency's model for building the capacity of social enterprises has been adopted by local authorities in the Milan province area and has also created a new way of working with the third sector, influencing policy making in this field. The Agency has had a positive impact on innovation, through the development of new forms of governance bringing together the public and third sectors. It has also demonstrated the ability to deal with the issue of sustainability of initiatives, particularly from a financial perspective. Social enterprises are in fact often seen as a 'bad risk' and non viable businesses. It is crucial to look at what is more specific about social enterprises and ensure that the appropriate financial support is available. Several options to be explored include: ethic banks, credit unions, the involvement of private companies, grants. In London, the example of loan funds provided an interesting approach to enabling entrepreneurs to move into commercial finance, through facilitation and pre and post investment support. NGOs in receipt of public grants in London are being supported to make the transition to social enterprises, which are growingly seen as an 'exit strategy' in view of the end of funding initiatives such as the Single Regeneration Budget in the UK or reduction in ESF funding from 2007.

Entrepreneurship

Entrepreneurship is a key driver of change by stimulating innovation, competitiveness, job creation and growth, yet its potential for redressing imbalances in deprived areas is still under-utilised. This 'enterprise gap' and the potential for identifying and seizing new business opportunities is the focus of LNet's entrepreneurship activities.

In order for entrepreneurship to flourish, there needs to be the appropriate type and level of business support. Mrs Marie Pavlu, from the Centre for Regional Development of the Czech Republic, presented the range of services provided by the agency to micro businesses and SMEs. Services include supporting businesses to access contracts from foreign partners, supporting business to access EU funds, and innovation activities through a Business Innovation Centre. While similar support frameworks have in old member states been in place for a while, these activities are relatively new and innovative in the New Member States, reinforcing the usefulness of exchanges of best practice in this domain.

In addition to a solid framework of support, entrepreneurship thrives where there is a strong entrepreneurial culture and spirit, highlighting the importance of encouraging it from an early age. Dick Middelhoek from Amsterdam talked about a project aimed at encouraging school children to experience what enterprise is about, as well as encouraging young people based in deprived public housing estates to start their own business. The project has many components including a major competition to assess the best business idea and plan. The competition is judged by high profile politicians (including the Dutch Minister for economic affairs) and members of the business community.

The level of entrepreneurial spirit appeared to vary greatly by country. In Prague, for instance, since until recently under communism work was guaranteed by the State, there was not much 'need' for enterprise. In the UK, a strong level of cultural diversity has led to a flourishing of enterprise, which is also strongly promoted at the national level. In Milan, entrepreneurship is strong and the promotion of innovation has received a boost through the publication of two bi-annual strategic programmes. More innovation is needed in the field of creative industries, particularly fashion, design and crafts. In New York, there are good innovative ideas but the planning process is weak and the concrete progress is very slow.

While addressing the enterprise gap experienced in certain areas is urgent, it is also important to establish the effectiveness of initiatives to ensure that the intended target groups are reached. Initiatives should also be assessed on the basis of their potential displacement effect, whereby the positive effects of an initiative in one area are matched by negative effects in another. On the organisational side, it is crucial to ensure that the organisations involved in the process have the capacity and knowledge to engage in the promotion of enterprise. It is also crucial to ensure that initiatives are sustainable.

Innovation

The core of innovation is the successful exploitation of new ideas. In the context of LNet, innovation is seen as the capacity to understand and support local market needs through the development of new approaches to enterprise.

Innovation strategies are still a relatively new concept in some cities and the focus of them appears to vary greatly. In Prague for instance an Innovation Council has just been created, bringing together innovation stakeholders. The focus however is very much on R&D and the high tech industries rather than looking more widely at innovative initiatives. Dieneke Ferguson (Hidden Arts project, UK) stressed the fact that innovation is a part of developing innovative structures and not only high tech, like the social franchise, the first of its kind. This project is 80% funded by public sources and part of its success is due to good networking.

Professor Walter Leal, from the LNet partner Tutech Innovation GmbH presented one of Hamburg's instruments to foster innovation in deprived urban areas. Innovation in Hamburg is a political priority, as demonstrated by the city's nomination as City of Knowledge 2005. Julia Gottwald from TuTech presented the Innovation in Deprived Urban areas project Channel Hamburg. This is based on the association of private local enterprises promoting innovation in the redevelopment area of the 'Inner Harbour Harburg', which had known a period of strong industrial decline in the 1970s. The area has since the 1990s been redeveloped into a business location for innovative companies. Today, 80 companies hiring 4000 employees in the innovative sector are now present in this area. The Channel Hamburg Association played a key role in improving the channel area from a 'no-go-area' to an attractive location and attracting new companies (aviation technology, 'times' market, life sciences) ranging from start-ups of local graduates, to SMEs as well as large international companies, Channel Hamburg has been successful in promoting innovation in the area by: developing and marketing a positive brand for a deprived area; setting-up strong networks; offering a forum for local needs; using locally available resources.

As with entrepreneurship initiatives, measuring the effectiveness of innovation projects is also crucial to understanding its impacts and ensuring long term sustainability. One indicator discussed by LNet partners was to what extent local residents benefit from the initiative. Steward Goldring from LVSTC also underlined the need to carefully consider gentrification as well as the sustainability of local initiatives, as often communities who benefit from an initiative move away from the area and are replaced by people with higher levels of need. Small and large cities have different capacities to develop innovation and sustain it.

LNet related event - Inter-regional Cooperation in an Enlarged Europe, April 29th, 2005

Greater London Enterprise (GLE) and the London Development Agency (LDA) organised an event on Inter-regional Co-operation in an Enlarged Europe to mark the first anniversary of the EU's Eastern enlargement. This conference mainly focused on partnership opportunities between Western and Central and Eastern European countries, and received financial and organisational support from the UK Embassy in Prague and the Central European Initiative.

The event gathered around 80 people from 14 countries, including Albania, Belarus, Bulgaria, Croatia, the Czech Republic, Romania, Slovakia, Slovenia and Poland.

The event provided an opportunity to explore funding available from the Central European Initiative and the Structural Funds for European projects, as well as looking at some lessons from existing inter-regional projects. Four successful inter-regional entrepreneurship related projects implemented both in Western, Central and Eastern Europe were presented, highlighting key lessons and best practice for each. The projects were:

- Cross-border projects co-funded by INTERREG IIIA EC initiative and implemented in the [Centrope region](#) by the Vienna Business Agency;
- The [Donauhanse project](#) co-funded by INTERREG IIIB CADSES EC initiative and led by the City Hall of Vienna
- The [SLORITTS Project](#) co-funded by 5th Framework Programme of the European Union and led by the City of Ljubljana
- [ProTon Europe](#) co-funded by 5th Framework Programme of the European Union and
- [Globalstart](#) co-funded by the EC Paxis programme, in which Brno Technological University is involved
- A fifth inter-regional project co-funded by the Interreg IIIC EC initiative, the [Poseidon project](#), was presented instead of the presentation of Mrs Jagic who couldn't take part in the event.

The common difficulties highlighted by the project managers mainly revolved around the following areas:

- communication issues;
- cultural differences and backgrounds;
- dissimilar experience on the management of European funds;
- administrative burden;
- different levels of political support.

Nevertheless, all project managers underlined the wide range of opportunities provided by territorial cooperation, as a fundamental tool to exchange best practice and transfer knowledge.

• LNet local events

Dutch policy discussion on social enterprise gains momentum

As a follow up on the LNET-discussions on social enterprise in London and Milan, Amsterdam started an internal policy discussion on this subject. A workshop organised by the local government with representatives from various non-governmental organisations underlined the importance of the subject for the City of Amsterdam. Most of the participants recognised the role social enterprise could play in enhancing inclusion and addressing problems in deprived urban areas and there are many examples of such initiatives in the city.

The initiative of the Economic Development and the Social Development Department of the City of Amsterdam to work together on this issue was seen as a big step forward, since representatives of non governmental organisations felt that these departments were lagging behind in this discussion and, moreover, working in isolation. In the coming months both departments will work together to explore what should be the government's response and the policy reaction to support social enterprise. A study visit to London is part of this process.

Migration@work Conference in Hamburg



On 2nd to 3rd June 2005 the conference migration@work – work and self-employment - gathered 200 participants of more than 20 nationalities in Hamburg. The event was organised by 'Enterprises without Borders' in cooperation with the Hamburg LNET-team and other institutions. In eight workshops on education, entrepreneurship and job opportunities in the media, culture and health sector experts from various institutions and participants discussed especially the access of migrants to the job market. Barriers and potentials identified during the workshops were put forward to discussion on the final panel session where representatives of local authorities and the German Employment Agency were present. One of the main conclusions was that future integration activities should focus more on the existing potentials and competencies of migrants. A detailed documentation of the workshop will be available soon: www.unternehmer-ohne-grenzen.de

Hamburg Life Sciences Day 2005

On 27th June the TuTech promoted LNET with a stand on the annual Hamburg Life Science Day. The event, held in the deprived district Hamburg-Harburg, addressed local companies and entrepreneurs of the life science sector. 17 experts -scientist as well as entrepreneurs-informed ca. 100 participants on current life science developments. On an accompanying in-house exhibition 14 companies and institutions from the Hamburg Life Science Sector presented products, services, networks and innovation.

• News from the LNet partners

new!

LNet's third Policy Bulletin is now available on the project website. The Bulletin explores the potential of Corporate Social Responsibility (CSR) to help promote positive and sustainable change in deprived urban areas. CSR can be interpreted as the way in which businesses are voluntarily integrating social and environmental concerns in their operations and reporting practices. CSR has in recent years emerged as a key policy priority at the national and EU levels, as increasing competitiveness in the business environment has been accompanied by growing demands for greater social, economic and environmental responsibility in relation to the impact of business. The Bulletin looks at the definition of CSR and how it has become an EU priority; we explore its manifestations in the countries of the LNet cities, as well as presenting case studies local CSR initiatives.

• LNet wider partnership

• The Department of Civic Sector Studies at Faculty of Humanities, Charles University Originally founded as the Institute for Liberal Education of Charles University in 1994, the Faculty of Humanities of Charles University gained full academic autonomy in 2000. Within the faculty, the Department of Civic Sector Studies focuses on civil society and NGOs studies and co-operates with leading experts and professionals – representatives of NGOs, umbrella organizations, policy-makers, and researchers from other institutions. Mrs Marie Dohnalova, Head of the Department of Civic Sector Studies, attended the LNet dissemination seminar in Prague, and expressed her strong interest in participating in LNet activities.

Please visit the LNet website: www.thelearningnetwork.net
