

## Enterprise and innovation in deprived urban areas sharing the European experience

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 are defining common approaches towards realising the economic and social potential of deprived urban areas and designing practical tools to support enterprise in these areas.

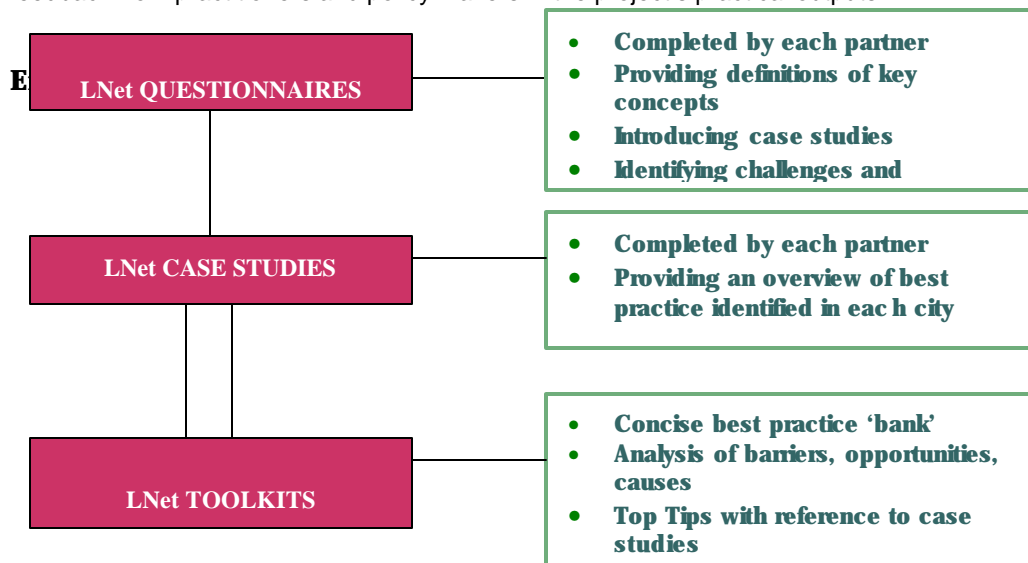
### 1. Introducing the LNet Learning Method

Over the last year and a half, the LNet partners have been working together following a multi-level learning method, aimed at developing an exchange of best practice which goes beyond the exchange of best practice, but engages partners and the wider community of policy makers and practitioners in a wider learning process.

In considering its three themes – social enterprise, innovation and entrepreneurship - the Learning Network has in fact developing a model for the systematic exchange of best practice between cities in the EU, based on a range of practical tools for economic development practitioners, including:

- a portfolio of best practice and case studies to encourage and support the role of enterprise in tackling deprivation
- a series of practical toolkits and how-to guides available to all economic development practitioners
- a sustainable and transferable model for reviewing best practice across the EU.

The **LNet learning method**, summarised in the diagram below, has been critical to helping LNet move towards achieving these goals. This learning method revolves around three types of outputs, which will be explored in more depth in the following sections: questionnaires, case studies and toolkits. In the completion of the questionnaires, partners share their knowledge and expertise on the themes, while identifying key challenges and opportunities for their deprived urban areas. The case studies take this process one step further, by allowing partners to explore a portfolio of best practice and discuss together issues of transferability, sustainability and added value. The toolkits represent the final step in the process but by no means the end of the learning process: LNet partners are in fact engaging in a series of workshops and dissemination events to present the toolkits, in order to integrate feedback from practitioners and policy makers in the project's practical outputs.



The project team is currently working on two toolkits, in the fields of **social enterprise** and **innovation**. Later this year, a third toolkit on entrepreneurship will also be developed. Toolkits are elaborated through constant interchange between the Network partners and a wider spectrum of policy-makers and practitioners; at both international and local events (so far, specialist conferences and seminars have been held in Hamburg, Milan, Prague, London and Brussels) project partners, policy-makers and practitioners work together to develop the toolkits, through case study presentations and roundtable debates.

## 2. LNet Questionnaires

As a first phase in the development of both the social enterprise and the innovation toolkits, LNet thematic 'questionnaires' are filled in by each partner. These questionnaires allow each partner to provide national/regional **definitions** of key concepts, such as 'social enterprise' and 'innovation', and more importantly how these are understood in the national and local context. Regional **challenges to and opportunities for** promoting social enterprise and innovation in deprived areas are also highlighted in the questionnaires, along with introductions to **best practice case studies** of how these challenges have been addressed at regional level.

This first step in the learning process is essential to ensure that partners understand where everybody else is coming from (in terms of different approaches to the themes, varying policy/legal contexts etc) and are able to find a common ground on which to work on and a solid basis on which to . The questionnaires also provide a basis for sharing experiences between LNet partner cities and for developing a common approach to promoting social enterprise and innovation in deprived urban areas.

### *Developing the social enterprise questionnaire*

The social enterprise questionnaire was developed by the LNet partners in Milan, starting from the consideration that the concept of "social enterprise" could have a different meanings according to the different social, economic and institutional contexts of each LNet partner. The starting point was therefore to agree on the term "social enterprise". Hence the need to have an overview (historical developments and legal frameworks) and some data about social enterprise and its manifestations at the local level (legal status, types of goods and services provided etc.).

The methodological approach followed for building the questionnaire template included interviews to Italian experts in the field in order to underline the main issues to be further explored. The key issues identified were:

- 1) How do social enterprises finance their activities
- 2) What relationship with the public and the private-for-profit sectors (competition vs cooperation).

Finally, in accordance with the LNET methodological approach, each partner highlighted barriers and opportunities linked to social enterprise in their region, providing practical examples to illustrate their comments. A social enterprise workshop was held in Milan in February 2006 and provided the opportunity for the LNet partners and social enterprise experts from each city to share their views on how best social enterprise can be supported to stimulate change in deprived urban areas.

### *Developing the innovation questionnaire*

The innovation questionnaires explored key definitions of 'innovation' in each partner city, as well as presenting an overview of regional 'innovation' actors, policies and strategies, and identifying specific best practice interventions for promoting innovation in deprived urban areas. Using a SWOT analysis framework, the questionnaires considered the opportunities for, and challenges of, using innovation to address urban deprivation in their own cities.

The information from the questionnaire has helped project partners to put together the first section of the LNET innovation tool-kit, which looks at common barriers to, and opportunities for, promoting innovation in deprived areas. Moreover, the overviews of existing interventions for promoting innovation have helped partners to source best practice case studies, which also form a core part of the toolkit.

All questionnaires have been analysed and compared, and results have been presented at an Innovation Workshop held in Hamburg in September 2005. The questionnaire has been very useful in providing a common ground for understanding regional innovation concepts. For most partner cities, it has proved difficult to obtain relevant quantitative data on innovation in deprived areas; as such, a quantitative comparison between the partner cities has not been possible. In terms of a transnational exchange of experiences, the learning process via practical case studies proved to be more relevant and useful.

### 3. LNet Toolkits

The LNet toolkits are designed to support policy makers and local practitioners working towards the promotion of **social enterprise and innovation in deprived urban areas**, as a route out of economic and social disadvantage, promoting positive and sustainable local development. The toolkits provide a concise best practice 'bank' for policy-makers and practitioners looking to promote enterprise in deprived urban areas.

The potential of social enterprises and innovation to address market failure, particularly in areas of deprivation, offering an entrepreneurial response which combines business with social objectives, has been highlighted on many occasions. However, it is crucial that the promotion of social enterprise is linked to measures to ensure its sustainability in the long-term and effective change at the local level. In this perspective, the LNet toolkits constitute useful local economic development instruments, bringing together different policy and economic development initiatives to address the challenges of deprived urban areas; offering an overview of solutions which have been adopted and helping practitioners and policy-makers to move forward with greater awareness of common stumbling blocks.

The toolkit is designed around three sections:

- An **analysis of the barriers** for the development and promotion of social enterprise in areas of disadvantage, **causes** behind them and the potential **solutions** to them. The aim of this section is to build up a full 'bank' of appropriate solutions to specific barriers to the development of social enterprise in deprived areas.
- **Top tips** for policy makers and practitioners in the field of social enterprise. Based on the identified barriers, causes and solutions, a set of top tips for economic policy makers and practitioners will be elaborated. The tips will focus on 'tried and tested' methods of overcoming specific barriers to the promotion of social enterprise.
- **Case studies** highlighting positive solutions to specific issues and their transferable elements, demonstrating how policy initiatives and activities have overcome specific barriers to the development of social enterprise. The case studies give details about: how the activities have been funded and delivered; the target areas of the initiatives; the specific barriers to social enterprise that the initiatives have aimed to tackle; how successful the initiatives have been in tackling barriers to the successful development of social enterprise; the innovative aspects of the initiatives; and, importantly, whether the initiatives are transferable.

#### A. Analysing Barriers and Opportunities

This section of the toolkits – an analysis of common barriers and opportunities – has been derived from the partner questionnaires (see above) and, in particular, from the SWOT analyses conducted as part of these studies.

For both the social enterprise and innovation questionnaires, the common 'barriers' and 'opportunities' identified tended to be very general (for example, 'human resource shortages', 'lack of finance' and 'poor urban infrastructure' have been identified as barriers to both social enterprise and innovation). The section on 'causes', however, allowed partners to go into more detail about the nature of the barriers and opportunities identified.

For example, in some LNet partner cities the 'cause' of the barrier, 'poor urban infrastructure' was high unemployment, few local businesses and limited job opportunities in deprived residential areas. In others areas, this barrier was 'caused' by the presence of large brownfield sites or former industrial or military sites. Of course, it was important for LNet partners to analyse the underlying causes of barriers to enable us to diagnose fitting 'solutions' in the form of case studies (see below).

## B. Providing Solutions and Case Studies

As with the analysis of common barriers and opportunities, the case studies were identified by partners in the project questionnaires. Each partner city has selected two or three case studies, for each toolkit (both social enterprise and innovation toolkits). These represent successful interventions designed to promote social enterprise and innovation in deprived areas, overcoming the barriers, and building on the opportunities, identified in the first section of the toolkit.

As part of this exercise, LNet case study templates have been designed, which all project partners were required to fill in. These templates cover the following key points:

- Background of the intervention, including project synopsis, delivery partners and financing of the project
- The 'nature' of urban deprivation in the locality where the intervention operates
- Barriers to social enterprise/innovation that the intervention has tackled
- Opportunities for social enterprise/innovation that the intervention has built on
- Strengths and weaknesses of the intervention
- Transferability of the intervention to other areas

The analysis of the transferability of initiatives is particularly pertinent; to what extent are successful interventions in one LNet city transferable to other cities and regions? The case study templates explore in detail which elements of projects are transferable, which elements result purely from local circumstance, and what barriers there could be to effective transfer and replication of interventions in other partner cities.

## C. Top Tips

'Top tips' are practical lessons for policy makers and economic development practitioners derived from the social enterprise and innovation case studies. Relating back to the LNet 'horizontal themes' of business support, investment, skills and governance, this third section of the toolkit gives practical advice to policy makers looking to implement similar interventions, to those described in the case studies, in their own regions.

At 'social enterprise workshop' in Milan (February 2005), the Prague LNet dissemination event (April 2005) and at an 'innovation workshop' in Hamburg (September 2005), economic development practitioners, from all LNET partner cities, were invited to present best practice case studies. Using their first-hand knowledge of these interventions, practitioners were able to exchange 'top tips' with other practitioners and policy makers looking to implement similar initiatives in their own regions.

Importantly, therefore, 'top tips' have been written 'by practitioners for practitioners', and include advice on, for example, how to work with partners, how to ensure effective delivery, how to target hard-to-reach groups and how to engage the private sector.

## 4. Concluding Remarks

Fine-tuning the LNet learning method has been a key component of the project's activities and one that should not indeed be overlooked. Sharing best-practice is in fact not a self-contained activity, but rather part of a wider process of questioning common perceptions of what works and what doesn't, exploring questions of transferability, particularly on a transnational scale, and ensuring practitioners are involved in every step. One of the key strengths of the LNet learning method has been to develop tools and identify best practice alongside experts and practitioners on the ground, creating opportunities for regular feedback from policy-makers and practitioners within and outside the partnership.

Over the next year, the LNet partners will work towards ensuring that the outputs developed this far are presented in a way that can be directly applied by practitioners in their day-to-day work, but that lessons can also be drawn to shape future policy developments in the three areas of social enterprise, innovation and entrepreneurship.

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Please visit the LNet website: [www.thelearningnetwork.net](http://www.thelearningnetwork.net)

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