



The European Learning Network Launch conference - Minutes

Tony Travers :

- **30 years ago, literature about cities pointed towards a general decline of urban living. The idea of moving out of cities and working from home developed. However, this decline has not materialised and we know more now about rebuilding our cities than we did in the past.**
- **Sharing knowledge and experience is an essential component of this learning process – which is the context for LNet**

John Healey

MP Economic Secretary to the Treasury

- **JH expressed admiration for GLE's work in bringing business together with the public sector and policy**
- **In the UK, we have been slow to pick up on innovation**
- **Strong enterprise policies are of central importance with the aim of promoting more jobs and combating poverty.**
- **There is a broad agreement that economies need to reform themselves, especially in view of increasing competition and globalisation and the achievement of the targets set in Lisbon and the recently published Kok report. Enterprise policy is on the agenda.**
- **Change is also much faster now than it used to be. This intensifying pace of change is occurring alongside increasing competition. Seven years ago, there were no DVDs, no broadband...**
- **Successful economies will encourage enterprise access to business advice, skills and support.**
- **Stability and steady growth is the main thing.**
- **Social enterprise has a role to play in providing skills for the regeneration of neighbourhoods, work for their sustainable development and for them to become more inclusive. The government is supporting social enterprises with grant support and tax measures.**
- **The business base is lowest in deprived urban areas – there is a clear enterprise gap. The government has introduced various measures to deal with this:**
 - **Community Invest tax scheme**
 - **40M pounds for setting up enterprises**
 - **physical improvement measures**
 - **dealing with contaminated land**
 - **complete removal of stamp duty in disadvantaged areas**
 - **introduction of the Phoenix fund**
 - **Inner City 100 index**
- **There are however barriers to enterprise:**
 - **We still need to create a progressive approach**
 - **Less than 15% of businesses are run or owned by women. Women are more likely to fear failure, least likely to have connections.**
 - **There are still many barriers to break down –**
 - **Same barriers are faced by ethnic minority groups**
 - **Younger generations leave schools with no experience of enterprise or running a business**

- **The government will support:**
 - Areas where enterprise is weakest, in view of achievement of full employment
 - We need to make equality of opportunities count
 - Special forms of enterprise, for instance social enterprise, which is more equitable than mainstream
 - Encourage experience of enterprise before young people leave school, making enterprise relevant and open to all
- LNet was invited to go to the Treasury at the end of the project to confront them with the findings and challenge them to go further.

Questions and answers:

- How instrumental has rapid industrial change been to creating the environment for the policies today?
 - The problems were deeply seated. We need to look at the strengths that lie in every city and see how we can develop that opportunity.
- How does the government view current initiatives for the promotion of enterprise and what are the priorities for the future?
 - The three LNet themes are central. The jury is still out on current initiatives, it's for the long haul. Phoenix Fund and Development Investment Fund for instance have worked well but there is more to do, for instance in aligning these initiatives with the mainstream, for instance economic, employment and infrastructure regeneration in London. The government is confident that it has identified the main barriers, raising the level of confidence and aspiration for the future, promoting a cultural change.
- To what extent is creating an enterprise culture a government objective?
 - It is about inspiring rather than about skills – giving younger people a model. It is the attitude that businesses look for; enterprise experience of learning. The experience and inspiration though can only be provided by people from the business world. However it is a complex process to get businesses involved in the education system, but some government initiatives already exist (£60M next year).
- Linking enterprise to wider area regeneration, provision of open spaces for instance. Ageing population and disabled people are also two other sources of energy for the economy – how is the government planning to encourage the entrepreneurship of these groups?
 - Enterprise needs to be linked to mainstream regeneration, creating a good area for business to go to. Local authorities can do a lot directly or indirectly to support this. In relation to disabled people and older people, the patterns highlighted for women and minority ethnic groups probably apply. Last year, there was the highest rate of increase in business set ups since the 1980s and within that, a proportion were disabled people and older people. Social enterprises are important in this context insofar as they reflect the make up of their communities.
- Small firm guarantee is subject to postcode restrictions – it might be more useful to look at it from a thematic or sectoral perspective, moving away from one-to-one assistance.
 - Postcode is used as a proxy to indicate where priorities should lie. The most established agencies operate on an area-base but it is important to take into account the nature of the business as well as the type of sector that they operate in. It is possible to argue that area-base needs to be supplemented.
- Is there not a danger that in doing too much to encourage enterprise, young people will be opting out of higher education to set up a business?
 - Entrepreneurial skills and attributes can be useful in various contexts in life.

Greg Clarke

LNet Policy context (see slides)

- **Policies are shifting however areas of disadvantage persist. There is no clear link between national growth and growth of distressed areas. Not one set of causes.**
- **Work on regional drivers of productivity and growth has shown a clear relationship between culture of innovation, business start up rate etc.**
- **No real clarity however with regards to which tools for which barriers**
- **Intermediaries play a key role – community-based organisations, enterprise agencies, business support agencies**
- **Need to integrate initiatives – diversity of instruments which should be turned into a package – global toolbox. What do we need to learn in this context?**

Questions and answers

- **The US seem to have a more mature system of regeneration and one which is continuously evolving. North America has traditionally relied upon the arrival of migrant populations – in contrast to the EU.**
 - **US cities are characterised by a mix of population. There is a clear evidence-based link between diversity and entrepreneurship. In the EU, over the last 50 years there has indeed not been much reliance on immigration, whereas mobile populations tend to be more entrepreneurial**
- **There are multiple causes of disadvantage, even in rapidly growing cities inequalities can increase and we can now see growing polarisation. The knowledge base is growing, but there is also a clear growth of lower paid skilled jobs, in consumer and personal services. The ‘in-between’ jobs have virtually disappeared.**
 - **The structure of cities has changed. Enterprise is not the only way ahead but we are looking to see what might be its optimum contribution. Population growth in cities is not coupled with growth in jobs or the desegregation of the rural economy. Attempts to fortify the rural economy will stop the increase of urban population.**
- **DG Environment’s 1998 Sustainable Urban Development framework for action provided a framework for a joined-up agenda with multi-purpose tools.**
 - **While this provided an interesting framework, it was not taken forward due to the EU’s lack of competence in this field. There are also other interesting models in Latin America which could be looked into.**

Fabio Terragni

CEO North Milan Development Agency

North Milan: ICT as a driver to post-industrial development (see slides)

- **The North Milan area brings together four municipalities, in a small but highly dense area. During the twentieth century, four large industrial companies established there, employing almost 30,000 workers. These were hit by industrial decline, creating not just a problem in terms of economic and social restructuring of the area, but also of its identity.**
- **The OECD carried out an audit of the area, to help define a strategy for the future of the area. It also helped practitioners ‘out of their depression’, helping them to look ahead in a time of crisis.**
- **ASNM played a key role in this period, focusing on the three LNet themes. The area needed effective interventions, as it had not just economic and social problems, but also health and environmental. It was important to make sure that technology and entrepreneurship were promoted, without de-linking this from weaker economic actors. In this framework, ASNM set up the CRIS, resource centre for not-for-profit organisations, mainly focusing on social enterprises.**
- **From its experience, ASNM learnt that while promoting enterprise does not solve all problems, it helps with taking the future of an area in hand, being more proactive about the fate of a community.**
- **Now in the area, the economic base has moved from a situation where four companies employed 45,000 to a situation where there are 45,000 SMEs employing 1 person! This creates some problems in terms of fragmentation. Larger companies are often necessary to share research and for social responsibility. The schools, theatres etc of the area were in the past supported by the large employers.**

- **Now there is a so-called 'molecular capitalism'. In addition to this, self-employed have a tendency not to worry about pensions or social security.**
- **The activities which the ASNM engaged in were aimed at stimulating local culture and engaging local populations through festivals, cultural events, training in ICTs, programmes for immigrants.**
- **An incubator opened in 2000, in the former canteens of one of the industrial complexes. It is also host to 3 Master programmes and 35 companies.**
- **The way forward is an integrated approach which combines grants, financial engineering etc.**
- **Unemployment in the area is at 4%**

Questions and answers

- **To what extent were local communities involved in the process of recreating an identity for the area?**
 - **It was a case of concerted programming and participation. A Development Forum was set up as an advisory body, including local representatives. The area also had a Local Agenda 21 initiative. The European awareness scenario was adopted for workshops.**
- **Can this model be transposed elsewhere?**
 - **In Italy there are so called 'contratti di quartiere' (neighbourhood contracts), which were used in this area, and territorial pacts. Fabio Terragni is also chair of the recently established Italian Association of RDAs, set up by ASNM and other RDAs to provide support and facilitate the exchange of experience.**

Dinneke ten Hoon Boer

Director of the Social Development Unit, City of Amsterdam

- **It is important to treat disadvantaged areas as part of the wider urban economic, social and physical fabric. Taking a holistic approach might show that the problems of disadvantaged areas might be also be tackled by taking action in another part of the city. In order to achieve this, Amsterdam has developed a 'Social Structure Plan'**
- **Amsterdam is the only metropolis in The Netherlands. It is a relatively small city (700,000 inhabitants) but very heterogeneous (51% of the population are of Dutch nationality, while the rest is made up of 90 nationalities). The level of education in Amsterdam is high in comparison to the rest of the country, but there is a large number of young people with only pre-vocational training. There is a high proportion of single or two persons households and high turnover of population. Unemployment in Amsterdam is fairly low (under 5%) but higher amongst immigrant population. There are is a large number of people on welfare.**
- **The economic structure of the city has changed over the last decades, with decline of manufacturing and move to services (financial, IT, leisure, creative industries). 40% of jobs are knowledge intensive (compared to 29% national average).**
- **Housing: large volume of low cost rental accommodation so people do not tend to move up the housing ladder. It is very difficult for new-comers to find housing.**
- **There has been a tradition to tackle problems from a spatial and physical perspective but there is now a realisation that this approach does not work. Departments used to work in isolation and a new approach was needed to support urban innovation. The Social Structure Plan raises awareness of the linkages between the different departments and sectors**
- **The Social Structure Plan is based on an evaluation of demographic trends. It is based on concrete actions rather than vision – but it remains geared towards the future development of the city, based on projections for the future. It is based on the interaction between social, economic, spatial and public safety departments. It is for the long-term, not just four years. It is looking at Amsterdam's dynamism and opportunities for this to strengthen. It is based on three objectives:**
 - **Improve the city's dynamism and invest**
 - **Promote investment in human capital**
 - **Create a safe and pleasant living environment**

Walter Leal (see slides)

**Hamburg Experience – promoting enterprise and innovation in deprived urban areas
TuTech Innovation**

- **Hamburg is at the heart of a wider metropolitan region. Unemployment is at 10% (which is the German average) and GDP is 171% of EU average.**
- **The city is faced with growing contrasts and disparities but also great potential– for instance cheap housing and premises, multi-cultural society. One of the key recent initiatives in Hamburg is the Ship to Chip project of reconversion of the harbour from shipping industry to high tech.**
- **Bureaucracy is a big problem and it is important to make sure this does not discourage people**

Questions and answers for the Milan, Amsterdam and Hamburg interventions:

- **Small businesses are often reluctant to share their knowledge and experience.**
 - **Milan has set up a small grants programme for small companies to help keep them together and have a more institutionalised approach, like technology platforms. This is indeed a big problem which will affect Europe.**
 - **In Hamburg, the Channel Hamburg initiative brings together numerous SMEs**
- **Are there any specific initiatives for migrant entrepreneurs?**
 - **In Amsterdam, some of the Southern districts of the city have developed initiatives, but there are none for the city as a whole. There are language training programmes for migrants.**
 - **In Hamburg, one of the main problems is that although most migrants are highly qualified, their qualifications are not recognised. New arrivals find it difficult to link in to programmes.**
 - **In Italy, migrants are not learning Italian but the chaotic way of doing things there! There is a good degree of integration of migrants in the business community but no specific initiatives.**
- **Finland has developed successful supply chain models to integrate businesses – this has been adopted by Wales. Any similar initiatives?**
 - **In Italy, there is a long experience of territorial integration of business through business districts. This has generally been a spontaneous phenomenon, supply chain has been a reality for years. But it is no longer competitive in terms of costs and it is losing competitiveness.**

The London Experience

Ros Dunn – Director of Strategy and Corporate Planning, London Development Agency (LDA)

Characteristics of London's economy

- **London is one of the most international and competitive cities in the world. It has 50% share of some of the world's city markets.**
- **It is the top business location according to Healy and Baker.**
- **75% of its firms are sole-traders and the average productivity is 25% higher than in the rest of the UK.**
- **However, it also has the second highest unemployment in the English regions and displays consistent economic geography across, and even within, the Boroughs.**
- **It also has the highest proportion of children living in poverty.**

National urban regeneration policies – the context

- **Promoting a step-change in the British enterprise culture.**
- **The importance of the business community in working in partnership with policy developers, planners and the local community.**
- **Addressing market failures in deprived areas by improving the quality of business advice, access to finance and reducing 'post-code prejudice' for the location of business.**
- **The UK is increasingly borrowing ideas from the US to achieve this, including city growth strategies, Business Improvement Districts and Community Investment Tax Credit.**

London urban regeneration policies – the context

London is the only region to have a regional body with a democratic mandate (the GLA). The LDA is therefore answerable both to the Department of Trade and Industry and to the London Mayor. Their key programmes include:

- **Investment in people**
- **Investment in enterprise**
- **Investment in marketing and promotion.**
- **Cross-cutting themes of equality, sustainable development and health.**

LDA is addressing the barriers to start-ups and BME business by working with business support partners.

Specific actions to promote enterprise include:

1. **Innovation centres and creative hubs – this means opening pathways into further and higher education, opening bars and credits, creation of new business advice centres and work spaces.**
2. **Priority Area Programmes – this is targeted effort in geographic areas such as the Lower Lea area in the Thames Gateway.**
3. **City Growth Strategies.**
4. **LNET.**
5. **There are also a range of local interventions such as Inner City Entrepreneurs.**

Challenges

The barriers facing businesses in deprived areas are both in kind and in degree.

1. **High cost of being in London and over-heated service infrastructure – low level of affordable business accommodation, transport, childcare, housing, access to high quality public services.**
2. **They are less likely to access specialist training business support.**
3. **Whilst the market is moving into new international activity – less than 10% of London's firms operate internationally.**
4. **Business management and planning – only half of London's businesses have a Business Plan.**

Stimulating enterprises – what is being done?

- **It is important to change the language and concepts in favour of entrepreneurship - from “need” to “opportunity”, from grants to loans, from spending to investment.**
- **Need to identify inner city markets and spending power, Porters competitive advantages drill-down model, US Social Compact, developing inner city retail markets.**
- **Inner City cluster development.**
- **Jobs brokerage, directly linking employers and their skills needs to cluster development.**
- **Supporting Social Enterprise to address market failures, for example in the provision of affordable childcare.**
- **London's Innovative EU co-financed Actions Programmes**

Case Study – Jumpstart Connect

This programme has a budget of £3.8 million of LDA and EU funds to provide grants of up to £100,000 to inner city business to develop innovative projects.

Case Study – Salon Strategies

This project is targeting the development of the hair and beauty industry in the city. London has 80% of the UK's hair and beauty market for Afro-Caribbean women – a market already worth £52.2 million.

Issues and Barriers

- **Limited ambition to innovate due to a lack of knowledge, training and education.**
- **Ineffective delivery of business support advice and funding.**
- **Inefficiencies in supply chains.**

Learning from each other – London sees the LNET network as an opportunity to share:

- 1. How cities work with private sector.**
- 2. How cities maximize local opportunities.**
- 3. The tools city governments use to inspire innovation.**
- 4. Making the best out of local assets, such as higher education or major employers (for example – the Olympics bid).**
- 5. How development agencies can mainstream inner city enterprise into all of their activity, such as capturing the legacy of major events, improving city supply chain development.**

LNET will also help London

- 1. Knowledge sharing between East and Western European economies.**
- 2. Taking a more outward looking approach.**
- 3. Become more practitioner focused.**
- 4. Cross-cutting peer to peer case study reviews to produce testimonials.**
- 5. Creating new ideas within limited budgets.**

The Prague experience

Katerina Murbva, Deputy Head of EU Funds Section, City Hall Prague

The City of Prague – Economy and Population

- **Surface area - 496 km² (which is only 0,6 % of the surface of the Czech republic)**
- **Population – 1,161,938 (which equals to more than 12 % of the total Czech population)**
- **Population density - 2,342 per 1 km²**
- **Rate of unemployment - 4.6 %**
- **Prague produces about 25 % of the Czech GDP**
- **Prague's per capita GDP exceeds the EU average by more than 20 % (the rest of the Czech republic achieve about 60 % of EU average DPH)**

The City of Prague – Administrative Division

- **Prague is broken down into 57 'municipal districts'**
- **Of these 57 municipal districts, 22 are 'municipal districts – administrative boroughs' which are responsible for certain administrative agendas and civil affairs of the remaining 35 districts such as issuing identity cards and passports, maintaining public records, holding building permit proceedings, etc.**
- **Having such a large number of areas can create political problems.**

The City of Prague – Education Structure

- **Only 10% Czech people have university degrees. However, over 20% of Prague population are educated to degree level This is an important factor of Prague's attractiveness – flexible and still relatively inexpensive workforce with above-average education**
- **Another valuable aspect is highly skilled labor thanks to a long tradition of handicrafts and industrial manufacture**

The City of Prague among the best cities to locate a business (in 2004)

- **The results of the “European Cities Monitoring 2004” study conducted by the world-renowned consultancy Cushman & Wakefield Healey & Baker, which targeted 30 most important European cities, are very positive for Prague**
- **Prague placed 23rd in 1991 , 21st in 2000 and 13th in 2004**

The City of Prague among the best cities in terms of cost of staff (2004)

- **An important factor of Prague’s attractiveness and economic efficiency is the availability of workforce and its competitive cost**
- **In this category Prague placed 6th in 2000 and 2nd in 2004 among selected European cities (source “European Cities Monitor 2004” study conducted by Cushman & Wakefield Healey & Baker**
- **The City of Prague among the best cities in terms of climate governments create (2004)**
- **Highly appreciated are measures taken to create an optimal business climate by the Czech government, such as tax exemptions and subsidies (based on full respect for EU principles)**
- **In this category Prague placed 9th in 2002 and 2nd in 2004 among the most important European cities (source “European Cities Monitor 2004” study conducted Cushman & Wakefield Healey & Baker)**

The City of Prague – Strategic plan I

- **The Strategic plan is a complex program based on negotiation and agreement**
- **It lays out strategic development plans for the whole community, while stressing the importance of the correlation between the proposals, policies and programs**
- **It is a document that sets out the long-term aims of the city covering a period of 15–20 years**
- **It is a document that is designed to attain a balance between what is required and what is possible and between city development and urban, cultural and environmental protection**

The City of Prague – Strategic plan II

- **The Strategic plan was adopted by the City Assembly in 1999**
- **Its main objectives are:**
 - **to influence processes of change and gradually fulfil the long-term aims and strategic vision of the city**
 - **to make decisions within the representative bodies of the city and its boroughs in a wider conceptual framework**
 - **to co-ordinate the interests and operations of various entities active in the city and make effective use of their opportunities and resources in order to achieve mutual goals**
 - **to better enforce and uphold public interest and open up the possibility of direct public involvement in city development**
 - **prepare quality guidelines for plans concerning land space and sectoral projects**

The City of Prague – Strategic plan III

Prague’s Strategic Priorities

- **Integration of Prague into the European structures**
- **Prague as the centre of innovation and skilled labour**
- **Promotion of housing market and easy access to housing**
- **A reliable transport friendly to the environment**
- **Sustainable management of energy, water supply and other resources**
- **Improved quality of city administration**
- **Transition from monocentric to a polycentric city**

Priority Prague as the centre of innovation and skilled labour

Year 2000

- **Beginning of the creation of the City of Prague innovation strategy**
- **Prague stays attractive for investors but there remains the lack of support of hi-tech sector and the cooperation between R&D and the industry**
- **The City of Prague assist on founding the commercial and industrial zone Chodov (The Park)**
- **Beginning of development of the Technological park Bechovice**
- **Lack of non-existing Regional Development Agency**

Years 2001 and 2002

- **Cooperation between R&D institution and the industry stays on the level of individual initiatives**
- **The City of Prague begins to participate on the BRS project (Bohemian Regional Innovation Strategy), which is co-financed by European Union**
- **The sector of BIC centres in Prague has been enlarged by the TIC of the Czech Technological University and by the new incubator for SME's operate in biotechnologies and genetical engineering**
- **The change in competencies in systems of primary and secondary education (decentralisation) is an opportunity for the City of Prague and its ambition to increase the cooperation between schools and the market**

Years 2002 - 2003

- **The potential of the City remains incompletely used because of the small capacity of BIC, the incubators etc.**
- **The BRS project helps to identify the way to strengthen the innovation support in Prague and begins with a few 'testing' projects**
- **The main task remains unfinished - the City of Prague still has not its innovation strategy**

The City of Prague - BRS project - SWOT analysis

The concept of innovation strategy of the City of Prague is based on the SWOT analysis result which was elaborated by the Technology centre of the Academy of Science of the Czech republic

Strengths shown

- **Concentration of the main actors of the innovation infrastructure**
- **44 % of the Czech universities have their seat in Prague**
- **69 % of the institutes of the Academy of Science are based in Prague**
- **Concentration of intellectual and human resources capital**
- **70.000 university and 9.000 PhD students in the region**
- **the highest share of population with university degree in the Czech republic**
- **High level of the R&D potential**
- **60 % of the public and 30 % of the private R&D sector capacities are located in Prague**
- **Concentration and interest of bank sector in SME's**
- **Interest of SME's in innovation**

Weaknesses shown

- **Low interest of R&D institutions in commercialisation of R&D results**
- **Not enough resolved mechanisms for technology transfer and setting up the spin-offs (missing legislative framework and financial means)**
- **Low knowledge and awareness of intellectual property rights protection**
- **Lack of financial sources for innovation projects**
- **Small number of innovative firms**
- **Low cooperation and communication**
- **Not existing a regional development agency in the region**

Opportunities shown

- **Exploitation of the synergy effect of a science, academic, industrial and financial potential of the region**
- **Existing Strategic Plan of the City of Prague, Single Programming document – Objectives 2 and 3**
- **Growing political support to innovation**
- **Standardisation of the business, legislative and investment environment after EU accession**

Threats shown

- **Low level of oriented R&D**
- **Supporting large foreign investment not connected to innovation**
- **Brain drain after EU accession**
- **Possible loss of regional attractiveness for foreign investors**
- **Low political support to innovation**

The City of Prague – supporting innovation by using the EU Structural funds

For its economical strengths (120 % of EU average DGP) Prague is not an eligible region for Objective 1 of EU cohesion policy. However, it does receive assistance under the Objectives 2 and 3.

Funded programmes:

- 1. Single Programming Objective 2 (SPD 2) for the Prague NUTS 2 Region in the period 2004 – 2006**
- 2. Single Programming Objective 3 (SPD 3) for the Prague NUTS 2 Region in the period 2004 – 2006**

1. What is the SPD 2

- **Total allocation EUR 142.590.200**
 - **covers the territory of 24 city boroughs (NUTS 5 level)**
 - **30.9 % of Prague inhabitants live there - 364,000 (2001 Census)**
 - **area covers 201.9 km² which is 40.7 % of the city territory**

Priority 1 - Revitalisation and development of the city environment

(total allocation EUR 107.240.000 - 75 % of SPD 2)

Measure 1.1 – Transport systems supporting the transformation of the City environment

- **Ex. Connecting roads to regenerated brownfields**

Measure 1.2 – Regeneration of damages and unsuitably used areas

- **Ex. Revitalisation of existing buildings**
- **Ex. Construction, reconstruction and modernisation of technical infrastructure**

Measure 1.3 – Public infrastructure improving the quality of life mainly in housing estates

- **Ex. Construction, reconstruction and modernisation of buildings and auxiliary technical infrastructure for development of small and medium-sized enterprise**

Priority 2 – Building up the future prosperity of the selected area

Measure 2.1 – Improving the quality of the partnership between the public and private sectors, non-profit sector, science and research

- **Ex. Establishment of technology and science parks, business incubators, information centres and advisory, consultation centres and innovation centres**
- **Ex. Acquisition of intangible property (know-how, patents, licences etc.)**

Measure 2.2 – Support for small and medium-sized enterprises; a favourable business environment

- **Ex. Construction and modernisation of buildings and sites serving as business facility**
- **Ex. Co-financing venture capital funds or ban funds and guarantee funds designated for support of SME's enterprises in ICT development**
- **Ex. Marketing and publicity**

2. What is SPD 3?

- **Total allocation: EUR 117 586 723**
- **Funding line which is most relevant to Priority 4 entrepreneurship and lifelong learning.**
- **Covers the whole of Prague - 4 priorities:**
 - **Active employment policy (EUR 18.813.876)**
 - **Social integration and equal opportunities (EUR 28.220.812)**
 - **Development of lifelong learning (EUR 34.100.152)**
 - **Adaptability and entrepreneurship (EUR 30.572.552)**

Priority 4 - Adaptability and entrepreneurship

Measure 4.1 - Improve adaptability of employers and employees to the changing economic and technological environment and thus enhance their competitiveness

- **Ex. Providing training and counselling support to SME's**

Measure 4.2 - Co-operation of research and development institutions with business sphere, support innovation

- **Ex. Support educational activities on all business levels responsible for the implementation of innovations**
- **Ex. Motivate universities and research institutions to develop a system supporting the establishment of spin-off businesses**
- **Ex. Support for the establishment and development of technology-oriented businesses**
- **Ex. Create partnerships between research and development facilities and businesses**

Question and Answer

- 1) **Czech how did you find the institutions of the EU when approached to discuss entrepreneurship and city governance?**

Katerina Murbva: There was a mixture of feelings – generally good but some apprehension as no one knows what to expect and what the Czech Republic will bring. Some trepidation as well, more money is going to be directed to the weaker economies, which means less money for other economies.

2) Is there much competition between Prague and the other Czech cities over resources?

Katerina Murlva: Prague does not receive Objective 1 funding. The Objective 1 funding Czech receives is directed to other areas. However, the Objective 2 & 3 funding Prague receives when combined totals more than all the Objective 1 funding directed elsewhere. However, the areas of the country have different development needs.

3) What can Prague, which is getting EU funding for the first time, learn from London's experience having been a receiver of EU funds for many years?

Ros Dunn & LDA colleague: What matters most is amount of money invested, rather than the source of the money. The UK is looking to develop a more domestic approach, renationalizing spend. Flexibility matters more than where it comes from. In London, there is a need to reflect on the programmes which have been undertaken thus far under EU and national frameworks. There is then a need to communicate this to new member states. Advice to new member states – take a holistic approach to development. Consider the Lisbon agenda. Don't just look at the development of housing and transport infrastructure, consider development in terms of social, economic and environment.

4) Are there any tensions between the national regeneration approach - which is more pro-US - and the London Mayor's approach - which is more pro-European.

Ros Dunn: The Mayor has a general openness to new ideas, wherever they come from. He is interested in looking at best practice from around the world, including the Far East.

5) Is there a strong voluntary sector in Prague?

Katerina Murlva: The non-governmental sector is new to the Czech Republic, it has only started appearing since the 1990s. SPD3 money has been targeted at the strengthening of the voluntary sector. Investment since 1990s has been focused on economic regeneration, the voluntary sector has been a lower priority. Only now that the economy is developing do we have the chance to build capacity in this area.

6) Much is said of the brain drain out of the Czech Republic since enlargement. How much migration has there been in?

Only 2% of Czech Republic is non Czech. Prague is about 10%. Most migrants into the country come from the Ukraine, Poland and Vietnam most of whom are not highly educated. Prague, though, has a higher level of educated migrants and qualified workers.

Urban Revitalization Strategies in the US

Kurt Chikcott, Chief Executive of the CDC SME finance company

Since the 1980s, the states of the USA have become increasingly dependent on federal funding to support urban regeneration. Innovation comes from the local and regional level. San Diego takes two approaches to development: Place Based Strategies and People Based Strategies

Place Based Strategies

- **Tax Increment Financing Districts**

This involves the freezing of the property tax base and a proportion of being invested into properties in deprived areas. It involves partnership development between business and the public sector. It is popular in inner cities.

- **Enterprise Zones**

Originally from the UK, this tool is used mostly at the State level. Creates a marketing image for an area and enables tax credits to be tied to hiring residents from the local community.

- **Business Improvement Districts**

There are two kinds of BIDs – property based or merchant based. Funds are spent in combination with City funding to make innovation relevant to a local area. It focuses on small enterprises. BIDs can also act as an advocate for local businesses when entering into a political environment.

- **Brownfield**

Brownfield development is a federally funded programme through the environment agency. States, however, can use local fiscal means (such as bank investment) to contribute to the redevelopment costs.

- **Community Reinvestment Act**

This has told bankers to make credit available to a local area. It has encouraged new programmes to develop at a local and regional level. It has been successful in terms of low income housing, where banks have been encouraged to take over once it is up and running.

- **Community Development Financial Institutions**

This investment develops strong intermediary organisations at the local level to carry out capacity building in terms of social housing, business advice, and community regeneration.

- **New Markets Tax Credits**

This has not been significant enough to see new projects develop but is a sweetener for existing projects.

People Based Strategies

- **Workforce Investment Act**

This is the large-scale federal training programme which integrates job training and economic development. At a local level it has helped support the creation of economic development strategies and research into business cluster needs.

- **Entrepreneurial Development**

This focuses on supporting start-up initiatives. It was originally part of Welfare to Work. It has been particularly useful in enabling participants (mostly women) to train and start up childcare businesses.

- **Business and Home Ownership**

This enables small businesses and employees to purchase their own business and domestic properties. Rather than landlord benefiting from the equity, the social economy does to reinvest in SME workers and their neighbourhoods. This results in better business retention and improved community stability.

- **Microfinance**

This has proved an important tool for capacity building SMEs: online-loan applications lowers transaction costs and has led to smaller companies accessing credit and loans.

- **Educational Initiatives**

This has been a very successful initiative, linking schools and businesses. Students take part in real life projects and work experience. Such project based learning increases the confidence of the student and prepares them for success in further education and business.

Challenges

- 1) **Crossing boundaries – there is a need to blend place and people based strategies, blend the work across agencies and projects.**
- 2) **Connecting strategies to the regional and local economy – initiatives are only sustainable if they are connected successfully to the local level**
- 3) **Education achievement – the single most important key to any successful strategy.**
- 4) **Gentrification – have we merely moved the problem to another area – this can be avoided if the community are drawn into the strategy.**
- 5) **Supporting Community-Based Intermediaries – there is a need to create and develop the capacity of the not-for-profit sector as this is central to the promotion of innovation and entrepreneurship in deprived communities.**

Case Study – City Heights Village

This case study shows the transformation of a city community into a stable community with strong prospects for a better financial future. The village consisted of 80,000 people, across 5 neighbourhoods, with high crime rates, high poverty and 50 languages.

Process:

- **Strong partnership between the City government, the Developer and a Foundation to provide additional finance and networks of support.**
- **Developing new public infrastructure including building a new police station with a community gymnasium, two new schools, library, theatre, pool etc.**
- **Community Initiatives – new town council, community organisation, home rehabilitation and ownership programmes.**
- **Retail and Office development – encouraged by the networks of the Foundation.**
- **Local University became involved with the schools and was used as an asset in the rehabilitation of the community.**

Conclusion – one piece of advice, be entrepreneurial in your own jobs, you must exhibit it first if you expect others to follow, and if you are inhibited in doing so by your organisation, move.

Please visit the LNet website: www.thelearningnetwork.net
