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Entrepreneurial City

The impact of the entrepreneurial city on local and regional authorities

Report: CEMR seminar in co-operation with the Transnational EQUAL Partnership CEFT and EXZEPT

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1 Introduction

1.1 Background

The European Entrepreneurship Action Plan¹ states that regions play a vital role in providing infrastructure, networks and tailored support to the specific needs of entrepreneurs in their localities, and should therefore be more frequently involved in the co-ordinated policy approach of the EU. Unfortunately the Action Plan does not mention the local level at all, although there is striking evidence that local actors and local authorities play an important role in creating a supportive environment for the development of entrepreneurship.

The OECD, the European Union and many other institutions have recognised the importance of local and regional authorities in managing new social challenges and public policies, including the stimulation of the entrepreneurial spirit and the boosting of European entrepreneurship. Consequently they have requested the sustainable strengthening of this political level. The decisive advantages of the local and regional levels are

- Proximity to the problems;
- The possibility to mobilise “social capital”, i.e. to mobilise networks to strive for common goals;
- The possibility to combine several policy areas and to use them for the stimulation of entrepreneurship (active labour market policies, support of disadvantaged groups, educational measures, support of SMEs and investors, etc);
- Locally deployed resources;

The possibilities of the local and regional level to boost entrepreneurship, however, depend to a great extent on the legal and political frameworks of individual countries. This holds true in particular for local and regional authorities in EU member states which face diverse conditions for their activities.

Given different framework conditions, the awareness among local authorities for the importance of entrepreneurship in local economic development is crucial for any progress to be made in this area. Local authorities have an important role to play in mobilising resources, building networks and a supportive environment for entrepreneurs and business start-ups, and facilitating local partnerships as initiators and moderators.

Entrepreneurship can be regarded as a horizontal issue touching various fields of local policies such as economic development, labour-market policy, educational policy, and social assistance.

¹ Action plan: The European agenda for entrepreneurship, COM(2004) 70 final.



As a consequence, capacity-building on the side of local and regional authorities is an important task. The services of local economic development agencies need to respond to the needs of entrepreneurs. Different policy areas should be co-ordinated effectively to make integrated strategies work, allow for a better use of local resources and enhance the effectiveness of local and regional authorities' services.

Thus local authorities can make essential contributions to the creation of an entrepreneurial city and region.

The potential success, effectiveness and efficiency of local entrepreneurship policy were examined in this seminar to support trans-national comparison and mutual learning. The seminar considered discretionary local approaches as well as the national and regional framework conditions for such strategies.

The main objectives of the seminar were to:

- Study concepts and approaches of “the entrepreneurial city” in the context of the specific local situation and the broader political framework;
- Address good practice in municipalities and concrete public-private partnership projects in support of the creation of “the entrepreneurial city”;
- Provide a forum for representatives from local and regional associations and other actors involved in the boosting of entrepreneurship in EU member states to exchange, compare and learn from each other's experiences with entrepreneurship policy;
- Develop policy options for local and regional government on how to develop and implement strategies for the entrepreneurial city;
- Develop policy recommendations on how activities to boost entrepreneurship at the local and regional level could be supported by the European Commission;
- Feed local and regional perspectives on entrepreneurship into the EC Action Plan on Entrepreneurship;
- Elaborate seminar conclusions and recommendations for dissemination to the European Commission, local and regional authorities and other relevant actors.



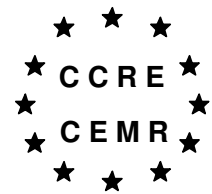
1.2 Summary of the event

In 2003, the Green Paper “Entrepreneurship in Europe” made three broad recommendations to promote an entrepreneurial spirit at all levels – local, regional, national and European. At the same time, the local dimension has become more important for social and employment policy. Thanks to the proximity to the citizens, various local actors and companies, policy making on the local level has the potential of being particularly responsive, flexible and accountable. The term “Entrepreneurial city” as a perspective includes policies, local authorities’ measures, networks, and partnerships to create an innovative and supportive environment for entrepreneurs and new businesses. To exactly define the term and its practical consequences was one of the objectives of the workshop.

The EU Commission's DG Enterprise representative, Jorge Costa David, told the delegates that the Commission has limited competence in the area of entrepreneurship. It can only give recommendations to Member States or provide the infrastructure for the dissemination or the exchange of the information. The European Commission is thus taking an incremental approach, based on open consultation (e.g. Green Paper) and annual control and reporting on projects and progress by the member states (e.g. the ten priorities of the Bonn Charter). In consequence, effects will only be felt over time and impacts will vary across countries. In countries where the structural funds invested heavily the impact in that area will also be much higher than in countries that receive less structural funds, such as the Netherlands.

Respondents to the Green Paper on Entrepreneurship identified the regional dimension as one of the areas where more policy efforts were needed. At this stage there is however no clear vision on how to include local and regional governments in the debate. The audience welcomed the commitment of the Commission to entrepreneurship and its incremental step-by-step approach on this matter, an approach local strategies usually take as well.

Jonathan Potter, for the OECD, emphasised the differentiation between national and international policies on the one hand, and local and regional activities on the other hand. The city/region has an important role to play in entrepreneurship policy. As every city/region is different, it needs a specific strategy, instruments and delivery. The consistent and rational strategy should address market failure, particularly in finance and accommodation. Strategies should be comprehensive, setting the right framework conditions for SMEs and linking economic competitiveness with social inclusion. Awareness of entrepreneurship should be increased as an option not an obligation. Particularly among pupils and students awareness creation can be fruitful, but they also have to understand the risks involved. Finally, there should be more focus on supporting the survival and growth of companies as compared to new start-ups, which are subject to high failure rates.



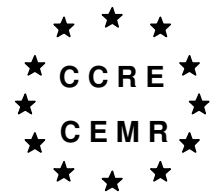
Another issue is to avoid high displacement effects, where policy supports some firms at the expense of the existing market share of others. A focus on local companies selling outside of the local market can help to minimise these effects. Other seminar participants involved in business support at the local level do not consider displacement effects as a real issue. Increasing the competition and hence improving quality can also lead to growth and innovation, therefore compensating for the loss of less competitive enterprises. There is, however, currently no data on the impact of business support on the survival rates of new businesses. The validation and adjustment of entrepreneurship policy data requires the availability of a tracking tool for business development.

"We must promote closer cooperation between public and private actors, in an integrated approach", he added. Local networking should be intensified with the help of public sector actors as facilitators and brokers.

To facilitate the development of individual strategies, instruments and deliveries by cities/regions, the Art. 6 ESF project "Gründerstadt Offenbach" developed a policy planning tool called "Matrix for entrepreneurship". The matrix is in fact a structured checklist for local entrepreneurship strategy planning. On the x-axis of the matrix all potential target groups from entrepreneurs without special needs, to women, migrants, unemployed, people over 45 etc are listed. The horizontal axis contains the key areas business climate, infrastructure, finance and support. These broad areas are further divided into sub-categories.

When planning its strategy a local authority can specifically analyse each target group whether it has access to different financial resources or support schemes, human resources development schemes, etc. By putting values (better still colour schemes) into each field of the matrix - according to no/insufficient/sufficient access to the various key elements - the local authority can visualise the specific situation in their municipality. Based on this, it can develop measures to close the specific gaps on the local level, which is an essential starting point for becoming an entrepreneurial city. As the tool visualises the evaluation process and the needs/requirements of a specific municipality, it is an effective means to sell the need for a specific policy initiative to local decision makers.

The following three cases of Almere (NL), Newport (UK) and Getafe (ES) showed a range of measures and initiatives taken by local authorities to enhance entrepreneurship in their municipalities. The city of Almere has managed to benefit substantially from its closeness to the dynamic area of Randstad. The high dynamics of centres such as Amsterdam and Rotterdam attracted more and more people and business and finally pushed these outside the city limits, where cities like Almere were keen to attract them. In consequence the city council supports the Starters Service Centre in Almere which covers general services in facilitating and realising entrepreneurship. The most important characteristics of the centre are that all services are easily accessible and that the organisation is well embedded in the local network. This embedded ap-



proach certainly contributed to the fact that Almere has experienced the highest growth rate in new business in the Netherlands in 2003, for the second year in a row.

Despite the lack of such a favourable geographical location, the city of Newport has set itself the objective to “create a vibrant and active community through the fostering of an entrepreneurial culture and implementation of entrepreneurial education and activities which provide our communities with a “can-do, will do” attitude.” In an incremental approach, the stakeholders chose a hands-on practical support, based on a strategic overview, on-going support, activation and motivation. This aim is to be reached with a plethora of well targeted initiatives for different groups and areas.

The third municipality, Getafe, is located in the regional community of Madrid and thus benefits - as does Almere - from its’ geographical location. To foster development, the municipality itself took over the lead in business regeneration and entrepreneurial encouragement. Two autonomous agencies, owned by the city, are providing a range of services from technical advice, mentoring and encouragement, to a socio-economic observatory of the business environment. The city of Getafe is also increasingly involved in international projects and networks. In Spain, a particular issue is the low number of female entrepreneurs. In order to improve this situation, to trigger the dormant entrepreneurial potential and to create employment, the Spanish Federation of Municipalities and Provinces initiated a specific project to stimulate female entrepreneurship in the areas of culture, tourism, fashion and arts sectors.

A different perspective on local authorities implementing entrepreneurship principles and acting as a kind of role model for the private sector was presented by Yrjö Westling from the Association of Finnish Local and Regional Authorities. Finland has defined policy guidelines for entrepreneurship, which include the requirement for public services to increase their transparency and enable exposure to private competition. Local authorities have a specific role in the implementation of these guidelines as they are responsible for a large number of public services. A specific example discussed was the non-transparency of costs for school. As they are literally not known, there is no possibility for private providers to even make competitive offers. No transparency means no offers and this in turn, no choice!

Conclusions

Presentations of specific cases during the course of the seminar show that local and regional government can play an active role in promoting entrepreneurship. The delegates agreed on several conclusions:

- There is a lack of business development tracking tools. Although there are some projects, such as the “Gründerstadt Offenbach” (Gründermonitor), which are developing instruments to trace the development of business, their application remains experimental



and local. A move towards the collection of comparable data across Europe that can support informed decision-making requires the involvement of a different level.

- There is a clear need to learn from each other. A plethora of good practice with different focuses is already available, a fraction of which was presented at this seminar. Benchmarking of the initiatives and the exchange of best practice are required to improve entrepreneurial policy and initiatives across Europe in order to reach the Lisbon goals.
- The report of Member States' records in this field will make it possible to assess to what extent local and regional government are taken into account. The importance of the local and regional level for entrepreneurship needs to be reflected by their involvement in the policy process (consultation and reporting).

2 Individual contributions

2.1 Introduction

Matthias Schulze-Böing, Municipal Authority of Offenbach

Dr. Schulze-Böing, chair of the CEMR Working Group on Employment and Social Policy and head of the Department for Employment Policy in the Municipality of Offenbach (Germany) introduced the workshop theme and objectives.

He started with the historical perspective, explaining that entrepreneurship was recognized for the first time in the **European Employment Strategy** (decisions of the European Council in Luxemburg 1997) as one of its four “pillars”. In 2003, the Green Paper “**Entrepreneurship in Europe**” made three broad recommendations to promote an entrepreneurial spirit at all levels – local, regional, national and European. These were:

1. Motivation of people
2. Access to venture capital
3. Positive societal attitude

At the same time, the local dimension has become more important for social and employment policy. CEMR has contributed to this understanding through a position paper in 1998, the ‘Bonn Charter’ and on a constant base through its highly committed working group. A number of events were organised on the topic by the EC, where CEMR was involved, in Mai 2003 for instance a conference on Local Economic Development on Rhodes-Island under the Greek EU presidency.



A lot of research had also been done by the OECD, particularly in LEED, an initiative for local and regional employment.

The actors addressed by CEMR in their various actions in the field are:

- Partnerships and networks (private and public)
- Local authorities on the policy issues

In sequence, Dr. Schulze-Böing explained the “competitive advantage” of local policy initiatives: The actors are strongly embedded in the local communities, close to the citizens, various local actors, and companies. They have a most direct access to target groups and their problems and needs. Therefore, policy making on the local level has the chance of being especially responsive, flexible and accountable. Local policies also can mobilise social capital, based on proximity, mutual trust and responsiveness. Local authorities can therefore act as brokers of social capital.

The necessary horizontal coordination of diverse policy areas, such as regional development, business promotion, labour market and social policy seems to be easier on the local and regional level than on the national level.

However, local authorities and local key-actors first have to become aware of the important role they need to play in employment policy, in order to develop their potential and mobilize their specific strength in this particular area. In this respect they need commitment, leadership and strategic thinking on the side of local politics, but not to forget they need capacity, skills and knowledge for their staff and their partners.

Finally, Dr. Schulze-Böing addressed the term “Entrepreneurial city” as a perspective, including policies, local authorities’ measures, networks, and partnerships to create an innovative and supportive environment for entrepreneurs and new businesses. To exactly define the term and its practical consequences would be one of the objectives of the workshop.



2.2 European Union Activities in Favour of SMEs

Jorge Costa-David, European Commission DG Enterprise,

Mr. Jorge Costa-David gave a very comprehensive overview of all EU initiatives related to the topic of entrepreneurship and SMEs. He also aimed to show the interrelatedness of policies with an impact on entrepreneurship.

First, he spoke about the overall role of the EU in entrepreneurship policies. The EU mainly coordinates member states activities; it cannot impose any regulatory approach, be it at national, regional or local level in this area. The Commission does, however, suggest approaches for entrepreneurship policy in the Green Paper and Action Plan, the latter based on an open consultation procedure of the former. The Commission also supports SMEs through a number of policies and instruments, mainly provided for under DG Enterprise work programme but also by DGs Regio, Research, Environment and Education and Culture

Mr. Costa-David then went on to describe these DG Enterprise and in particular Directorate B initiatives/instruments for SMEs. The first include the Multi-annual Programme for SMEs 2001-2005 and the DG Enterprise Scoreboards. Among other means, the Directorate B provides support to SMEs through the Euro Info Centres network, the SME envoy and the SMIE database of good SME practice.

The Euro Info Centres are the most appropriate way to support SMEs locally as they are staffed and run by experts that know very well the local circumstances, therefore being ideally placed to address local SMEs' needs. They are at the same time aware of the practical reality of their area and of the policy context. There are over 300 EICs in 39 countries, including 9 EICs in Turkey, the network of which was the most recent to be inaugurated.

The SME Envoy function was established 2.5 years ago. The role of the SME envoy is to meet business representatives, national, regional and local authorities to learn about the problems of the SMEs in the field. It makes sure that these issues will be taken up in policy initiatives. This being a two way function, the SME envoy informs SMEs and its representatives of, e.g. upcoming legislation way in advance to allow them to react and prepare.

Finally, Mr. Costa-David emphasised the value of the SMIE database with its 2500 examples of SME best practise, rich information and advanced search abilities.

Mr. Costa-David continued his presentation with the European agenda for entrepreneurship. He described the open consultation on the Green Paper as very constructive and fruitful, leading to a coherent picture of the opportunities/problems with entrepreneurship. He mentioned that the respondents identified the regional dimension as one of the areas where more policy efforts



were needed. He admitted that the EC might benefit in terms of vision on how to involve the regions and asked the audience for input.

Regarding the five priority areas identified in the Entrepreneurship Action Plan, the open consultation had shown that a 'chicken and egg' type of problem might be at play, in that it is not known whether a lack of entrepreneurial spirit might be at the origin of the entrepreneurship deficit or whether the off-putting conditions for businesses might be its cause. The Commission decided to tackle both types of issues at the same time setting out actions aimed at improving the entrepreneurship spirit and others aimed at improving the framework conditions (access to finance and regulatory/administrative issues).;

Among the key actions for 2004-05 of the entrepreneurship Action Plan, Mr. Costa-David mentioned the importance of facilitating business transfer and not just start-ups, to support business networks and to reduce the complexity of complying with tax laws; on taxation the national laws themselves are out of reach for the Commission. He also emphasised the need for tailor-made support for disadvantaged groups.

The last part of the presentation was spent briefly introducing the European Charter for Small Enterprises, as a document that the Action Plan complements. Member countries, including Western Balkans present annual implementation reports on how they improve the environment for small business under the 10 priorities of the charter. Mr Costa-David concluded that the European Commission does not have powers to enforce the Charter but it pursues a policy of close control and reporting to compensate for this. He also commented that, while a policy of blame and shame was not probably useful, future changes in the Charter reporting mechanism may have to bring to light weaknesses in the implementation on the part of Member States. For this and other reasons, the Charter has taken a somewhat long time to bring about radical changes on SME policy but these are nevertheless expected in the long term.

2.3 Local entrepreneurship

Jonathan Potter, OECD

In his presentation on entrepreneurship, Dr. Jonathan Potter focused on a discussion of SME start-up, survival and growth. He distinguished between the concept of the entrepreneurial city seen as city policy makers becoming more entrepreneurial in their design and delivery of policy and the concept of an entrepreneurial city as a place facilitating business development. He focused his presentation on the second of these concepts, i.e. SME development.

Starting with a discussion of the role of the regional/local level as compared to the national/international level, he presented a table listing various processes that have an impact on



entrepreneurship. The processes more suitable for the national level included the following categories: Macro economy, territorial disparities, tax and regulation, competition and IPR as well as education. The local level was more effective for: Finance and labour market, innovation systems (clusters of business and universities for example), networks and local culture. In general the local level can be used to tailor programmes to the specific needs, but visibility and quality control is more effective at the national level.

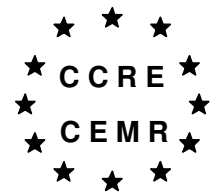
The overall recommendation from the OECD LEED Programme on the promotion of entrepreneurship is to develop a consistent and rational strategy. It should address market failure, particularly in finance and accommodation². Strategies should be comprehensive, i.e. designed for all types of enterprises, setting the right framework conditions for SMEs and linking economic competitiveness with social inclusion. Awareness of entrepreneurship should be increased as an option not an obligation. Particularly among pupils and students awareness creation can be fruitful, but they also have to understand the risks involved. Finally, there should be more focus on supporting the survival and growth of companies as compared to new start-ups, which are subject to high failure rates.

Dr. Potter went more into detail with selected recommendations. He explained that in the OECD LEED Programme's position was that business angels are often more suitable than venture capitalists to provide financing. Financial intermediaries and mutual credit guarantees are also very useful facilitators for the financing of companies. Concerning support programme design, he pointed out that support structures need to be clear and simple. They should be built on existing structures with clear channels of customer interaction. Another issue is to avoid high displacement effects, where policy supports some firms at the expense of the existing market share of others. A focus on local companies selling outside of the local market can help minimise these effects. Local networking should also be intensified with the help of public sector actors as facilitators and brokers. The advantages from networks include joint marketing efforts, shared costs and collaborative learning.

The OECD LEED Programme is undertaking a research series called the Local Entrepreneurship Reviews, examining the strengths and weaknesses of entrepreneurship in selected case study cities and regions in OECD countries. Cities and region representatives were invited to contact Dr. Potter if they were interested in participating in the OECD Local Entrepreneurship review series. The method for these reviews are detailed case studies that have a specific focus on the local context and framework, considered to be decisive for business vitality. Dr. Potter presented the main results from three of six case studies to be undertaken until end 2005.

Sinaloa is a very poor and rural federal state in the north-west of Mexico. As many support programmes used there are very new, they still need time to develop. Continuity is therefore very

² These failures include rigid selection process of banks for SME loans and landowners waiting for future capital gains rather than developing land for SME accommodation.

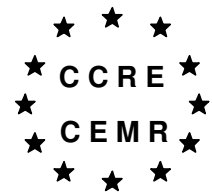


important. The framework set is good, but incremental expansion and the filling of gaps remain strategic priorities. Financial support should be provided by private Angel networks rather than Venture Capital funds that require greater public funds to be set up and will not necessarily have high demand. Awareness has to be created for business networking (a rather new idea in the area) and government support is suggested to facilitate this work. Public investment in R&D could be increased while at the same time, the commercialisation of research results should be improved.

The second case study was the West Midlands, an old, industrialised region in the UK. The overall impression was that the development agency was very active but could do more to use the knowledge gained from its activities to tailor its services to the needs of local entrepreneurs. More information is also required on who are the entrepreneurs that are likely to drive regional growth. It is important to increase the scale of some successful programmes in finance and innovation. Technology brokers were recommended to increase awareness and demand for innovation and finance programmes. Ways should also be found to extend innovation support to low tech sectors. The lessons learned from the West Midlands in the area of promoting/educating entrepreneurship are that actors should go into schools to create an entrepreneurial culture at an early stage. Also, more emphasis has to be placed on the support of companies providing high added value products and services and the respective higher skills profiles needed. To deliver services, primary points of contact should be established (One Stop Shops - OSS) with consistent service headings. Such an OSS could be web-based. A prioritisation of growth sectors is necessary, because there are too many enterprises to service all to the same standard with available resources. To make services more intelligent and tailored, feedback from users is needed which can be fed into a knowledge management system.

The final example was the region of Trentino in Italy. The Trentino is a quite rich region near the border with Austria and has a history of public enterprise grants due to its fiscal autonomy. The results of this discretionary grant policy were high deadweight and a dependency culture. Instead, the framework conditions for all enterprises should be supported. A focus should also be put on fast-growing, knowledge intensive firms. While basic research is well presented in the region, it lacks entrepreneurial spirit in knowledge sectors; technology transfer and commercialisation of research are limited. The region as a whole needs to learn how to innovate. Finally, the OECD recommended that policy design should change from a pure top-down approach to consensus actions with stakeholders and that an independent entrepreneurship centre should be created for the region.

To conclude, Dr. Potter recognised the importance of the city/region in entrepreneurship policy and said that each city/region is different and needs strategy, instruments and delivery. The OECD Local Entrepreneurship Reviews serve the purpose of identifying how general policy recommendations can be implemented in the real world and tailored to the local context.



2.4 Gründerstadt Offenbach:

Friederike Stibane, EXZEPT

The German, traditionally industrial city of Offenbach has gone through a restructuring process, resulting in a rather high unemployment rate (12.5%), a large proportion of unskilled workers, a high social assistance dependency (9%)³ and more than 30% immigrant population. The city has, however, a number of assets that support a successful transition to a service economy. It is located in the dynamic Frankfurt / Rhein-Main region and hosts the Hochschule für Gestaltung. Furthermore it has consistent networks and a dynamic and innovative municipality that has developed a comprehensive employment strategy. Finally with KIZ and Exzept, there are two important national actors in entrepreneurial projects located in the city.

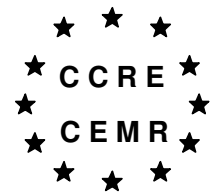
The employment strategy in Offenbach is based on four principals, including the promotion of entrepreneurship. The project “Entrepreneurial City of Offenbach” aims to promote entrepreneurship on the local level. It is co-funded by the ESF, Article 6 and the city of Offenbach and consists of 14 sub-projects. The partners include the city, local chambers, the Hochschule, the employment agency, a bank and two other private companies – KIZ and Exzept.

The sub-projects range from developing a small business incubator to an “Entrepreneurship monitor” which aims to establish an extensive database on entrepreneurship and business creations in Offenbach in order to allow for informed policy making. Another sub-project is the so-called “Booklet for Entrepreneurs”. It is part of the coherent communications strategy of all sub-projects. It helps entrepreneurs to see through various services and organisations that provide support in the different phases and aspects of a business creation. The booklet also contains a checklist that business founders can follow when setting up their business.

The focus of the presentation was, however, the sub-project “Matrix for entrepreneurship”. The matrix is in fact a structured checklist for local entrepreneurship strategy planning. On the x-axis of the matrix all potential target groups from entrepreneurs without special needs, to women, migrants, unemployed, people over 45 etc are listed. The horizontal axis contains the key areas climate, infrastructure, finances and support. These broad areas are further divided into more specific areas such as existence of networks, availability of office space and land, research/technology, access to transport etc.

When planning its strategy a local authority can specifically analyse for each target group whether it has access to different financial resources or support schemes, human resources development schemes, etc. By putting values (better even colour schemes) into each field of the matrix - according to no/insufficient/sufficient access to the various key elements - the local authority can visualise the specific situation in their municipality. Based on this, it can develop

³ Figures from 2003.



measures to close the specific gaps on the local level, which is an essential starting point for becoming an entrepreneurial city. As the tool visualises the evaluation process and the needs/requirement of a specific municipality, it is an effective mean to sell the need for a specific policy initiative to local decision makers.

The Gründerstadt project itself has used the tool to develop the sub-projects. The project aims to finalise the tool and to include a rating scheme to improve assessment possibilities. The final tool will then be made available free of charge to other region/municipalities for testing. Ms Stibane invited local authorities in the audience to test the tool.

2.5 Local development concepts in Finland

Yrjö Westling, Association of Finnish Local and Regional Authorities

Mr. Yrjö Westling started his contribution with a brief introduction of the Finnish federal system, explaining that there are 444 municipalities in Finland with only 5 million inhabitants. These municipalities are largely autonomous and have great fiscal responsibilities (they collect taxes and can take out loans). Regional policy has a long tradition and the issue of economic development has been a task where cooperation has increased strongly, resulting in some 100 development agencies 50% of which function sub regionally. The Finnish national authority implements objectives of business and entrepreneurship development and offers tools for the regional implementation. So the national tools are used by the agencies on sub-regional level. The reasons why municipals also use their own means for economic development are that they have to strengthen their competitive position by attracting skilled people and jobs. At the same time, they have an obligation towards their citizens to guarantee the continuity of services in their responsibility.

Compared to the EU pillars for entrepreneurship, Finland has very similar policy guidelines. They also comprise entrepreneurship and improved framework conditions, but add one important area - "the regulation and the functioning of the markets". The latter also applies to public services as to increase their transparency and to enable exposure to private competition. The specific role of the local authorities in the implementation of these guidelines was to develop service strategies how to organize public services on the local level and in what areas private service providers could substitute the authorities.

The great challenge for entrepreneurship in the public sector is to change the mindset that entrepreneurial principles can help to improve services and therefore public welfare. Currently, the positive spirit lacks as well as a basic understanding of how companies work and how competition and risk taking can improve quality and efficiency as well as raise commitment for further innovation in service provision.



2.6 Almere – the entrepreneurial city of the Netherlands 2003

Koen Rapstok, STEW

Koen Rapstok is the project manager of the Starters Service Centre in Almere – Flevoland - the Dutch “City of Entrepreneurs” in 2002 and 2003. He started his presentation with a comparison between the Netherlands as a whole and Flevoland/Almere. While the country experienced a business decrease of 8% in 2003, there was a 3.5% growth in Flevoland, with 650 new businesses in Almere alone.

As the decisive factors in entrepreneurial success, Mr. Rapstok listed ignorance of SWOT, lack of business skills, insufficient access to finance, customer dependency and negligence of acquisition work.

He then gave an overview of the STEW (Centre for Small Business Development) support activities that include general and specific initiatives for facilitating and realizing entrepreneurship.

As one of their initiatives the Starters Service Centre in Almere (SSCA) covers general services in facilitating and realizing entrepreneurship. The project was commissioned by the council of Almere and is carried out by the STEW. The most important characteristics of the SSCA are that all services are easily accessible by mail and phone and that they are well embedded in the local network.

The STEW also implements specific projects for realizing entrepreneurship under the Equal Flevoland national partnership. Procoach is a project targeted at existing entrepreneurs and with the aim to improve their performance. The results of the project are 23 solid and growing countries. The “Service Desk Women in Business” is another project that supports self employment as an alternative to employment among women. Within 8 months, 16 solid businesses were started under this initiative. The goals of the project are to create 5 ICT helpdesks for 60+ and to facilitate business start-up of 60+ in Flevoland.

To conclude, Mr. Rapstok, summarized the common success factors of all STEW projects: Easy access to services, focus on entrepreneurial skills & personality, tailor made solutions and a focus on the local situation.

2.7 Concerted action for the development of Newport

Caryl Cresswell, University of Wales and David Russ, Newport and Gwent Enterprise



Dr. Caryl Cresswell and Mr. Davis Russ presented the case of the Welsh entrepreneurial city of Newport. Newport is the youngest city in Wales and has about 130.000 inhabitants. Since the beginning of the 1980s, Wales has had declining economic performance, mainly due to its heavy legacy of industries such as iron, steel and manufacturing. The development of an Action Plan for Wales and the need to stimulate and support entrepreneurship in the area has led to the development of an Entrepreneurship Strategy for Newport.

All new companies have similar new business needs. They lack experience, coming from either employment or unemployment and they have inappropriate sector-based skills. In addition they have little confidence to start their own business and or course lack the money. All these needs have been addressed when developing the “City of Enterprise” concept.

Overall, the stakeholders chose a hands-on practical support, based on a strategic overview, on-going support, activation and motivation.

The “City of Enterprise” project consists of a number of different initiatives that are run by a partnership of stakeholders over Newport. The business support is provided by the Centre for Business which offers services in networking, business start-up and growth, property, training and ICT.

Selected initiatives of the “City of Enterprise” include the Festival of Enterprise, the Market Hub and the Celtic Enterprise Village. All three have in common a dedicated physical environment for people to network, exchange ideas, implement start-ups and receive training/consulting services. The “village” for instance is aimed at developing social and community enterprise and consists of a central hub with extensive services and a crèche, as well as 4 incubator pods.

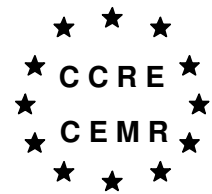
The presenters concluded with the vision they have developed for Newport, namely to:

Create a vibrant and active community through the fostering of an entrepreneurial culture and implementation of entrepreneurial education and activities which provide our communities with a “can-do”, will do” attitude.

2.8 Getafe - the enterprising city

Maria Jesús Pedrasa, Municipality of Getafe

Ms. Maria Jesus Pedrasa presented the case of Getafe, in the regional community of Madrid, where the municipality itself took over the lead in business regeneration and entrepreneurial encouragement.



Miss Padrasa started her presentation with a general description of socio-economic factors and existing infrastructure in Getafe, a city of 158.000⁴. The city has a very dynamic and atomistic industry structure with 78.5% companies having less than 4 employees and nearly 80% in commerce and services.

Two agencies are promoting entrepreneurship, both depending on the Council of Getafe; the GISA (Agency for Developing Local Getafe Initiatives) and ALEF (Local Employment and Training Agency). GISA is focused on business and project development as well as services for SMEs and business associations, while ALEF is centred on training and job-creation. Both bodies are owned by the city, but are autonomous and much more flexible.

The entrepreneurial infrastructure in Getafe includes a company centre, an incubator (6 months free stay), a telework centre (6 months free use) and head offices (2 hours a day for 4 years free use). The municipality also promotes industrial areas on land that it owns (together 1.450.000 m²).

The services provided range from technical advice, mentoring and encouragement, to a socio-economic observatory of the business environment. Red Telematic, an Internet portal offers online advice and specialised databases as well as a virtual entrepreneurship library with information on the company creation process, financial support and more. Free Internet access rooms are provided as well as a video-conference room.

The news and services are disseminated via a magazine, electronic newsletters and the web site/portal. Large infrastructure projects are also implemented, including the Integral Entrepreneurship and Innovation Centre (CIEI), 9.000 m² of office space in a smart building for setting up new companies.

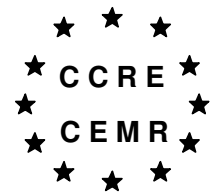
The city of Getafe is also increasingly involved in international projects, for instance under the European programmes URBAN, EQUAL and LEONARDO, the Edge Cities Network and very soon member of EBN.

2.9 Business Ideas Circulation Project

Gabriel Sanchez Mora, Federación Española de Municipios y Provincias

The final presentation of the day by Gabriel Sanchez Mora was a short overview of a proposal for a project to use a network of municipalities to gather and disseminate successful business

⁴ Getafe's local unemployment rate of 8% is below national but slightly above regional level.



ideas among potential entrepreneurs. The main target group of the project are women from the culture, tourism, fashion and arts sectors.

The core of the project is a group of seminars organised by various municipalities in Spain, where business ideas are presented to the target group. To prepare these seminars, a set of 200 successful business cases will be gathered and fed into a database. The cases must show the three characteristics:

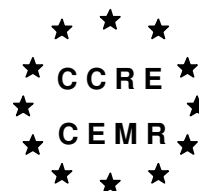
- An innovative element
- Successful business for at least two years
- Micro-size (limited investment needed)

For the database, there are two target groups, namely (potential) entrepreneurs attending the seminars and staff of the municipalities looking to apply a business case in their daily work.

The seminars will consist of two parts. The first will deal with how entrepreneurs found and developed their business ideas, illustrated by a number of practical examples. The second question to be addressed in this part is “why some ideas are successful while others are not”.

The second part of the seminar will be dedicated to explaining a preliminary evaluation method for business ideas, called the ‘Three Point Test’. These three points are product concept, commercial strategy and break-even.

Mr. Sanchez Mora concluded his presentation with the design of the communication campaign as a key element for the success of the project and the management principles (including a comprehensive evaluation system) to be applied in the project.



ANNEX I: Seminar Programme

10 a.m.

Welcome, Angelika Poth-Mögele, Head of Policy CEMR

Opening statement on “The concept of the Entrepreneurial City”, Matthias Schulze-Böing, Chair of CEMR Working Group on Employment and Social Policy

10.30 a.m.

The Entrepreneurship Action Plan and local development, Jorge Costa-David, Unit B1 - Entrepreneurship, DG Enterprise, European Commission

Discussion

Coffee (11.30 a.m.)

11.45 a.m.

Comparative approaches: session 1:

- **Local entrepreneurship**, Jonathan Potter, Organisation for Economic Co-operation and Development (OECD)
- **“A checklist for local development”**, Markus Weidner, KIZ AG, Offenbach, and Friederike Stibane, Project Management, City of Offenbach, Germany
- **Local development concepts in Finland**, Yrjö Westling, Senior Adviser in industrial policy and entrepreneurship issues, Association of Finnish Local and Regional Authorities

Lunch (1 – 2.30 p.m.)

2.30 p.m.

Comparative approaches: session 2:

- **Almere – the entrepreneurial city of the Netherlands 2003**, Koen Rapstok, Project Manager, STEW Centre for Small Business Development
- **Concerted action for the development of Newport**, Caryl Cresswell, Head of Enterprise, University of Wales, Newport, and David Russ, Chief Executive, Newport and Gwent Enterprise
- **Getafe - the enterprising city**, María Jesús Pedrasa, Municipality of Getafe + **Presentation of a proposal for a project to circulate entrepreneurial ideas among Spanish**

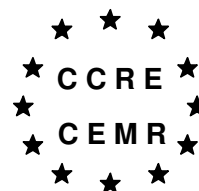


municipalities, Gabriel Sánchez Mora, Federación Española de Municipios y Provincias (FEMP)

- **Discussion and exchange of experience**

4.15 pm

Conclusions / next steps, Angelika Poth-Mögele, Head of Policy, CEMR



ANNEX II: Participants

ESTONIA

Toivo RIIMA
Deputy Director, Association of Estonian Cities

FINLAND

Yrjö WESTLING
Senior Adviser in industrial policy and entrepreneurship issues, Association of Finnish
Local and Regional Authorities (AFLRA)

GERMANY

Petra BÜNZ,
Director, KIZ GmbH, Offenbach

Matthias SCHULZE-BÖING
Chair of CEMR Working Group on Employment and Social Policy, Head of Department
of Labour Market, Municipal Authority of Offenbach

Friederike STIBANE
EXZEPT GmbH, Offenbach, Project Management Gründerstadt Offenbach

Markus WEIDNER
KIZ AG, Offenbach

SPAIN

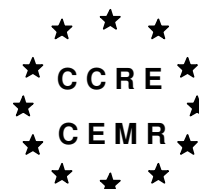
María Jesús PEDRASA
Ayuntamiento de Getafe

Gabriel SÁNCHEZ MORA
Director del Departamento de Promoción económica y empleo, Federación Española de
Municipios y Provincias (FEMP)

THE NETHERLANDS

Najoua AACHBOUNE
House of Dutch Provinces

Murat ALTUNBAS
European Affairs Officer, Rotterdam Development Corporation



A.J. de GROOT
Local Economist, Ontwikkelingsbedrijf Rotterdam

Pauline de VRIES
Economist, City Development Corporation, Rotterdam

Marilou KELLER
Project manager, STEW Centre for Small Business Development

Hans PLUCKEL
Head of Brussels Office, Region Randstad

Koen RAPSTOK
Project Manager, STEW Centre for Small Business Development

Bert ROONA
EU contact officer, The North-Netherlands Provinces (SNN)

Wim VONK
Advisor, Stichting StimulanSZ

UNITED KINGDOM

Caryl CRESSWELL
Head of Enterprise University of Wales, Newport

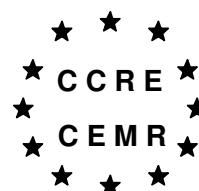
Helen DINEEN
Senior European Officer, South West UK Brussels Office

Ruth LUCAS
Policy and Coordination Officer, Local Government International Bureau (LGIB)

David RUSS
Chief Executive, Newport and Gwent Enterprise

Frauke HOFMEISTER
Research Assistant, Wales European Centre

Aled THOMAS
Policy Officer, Welsh Local Government Association



EUROPEAN COMMISSION

Jorge COSTA-DAVID
Unit B1 – Entrepreneurship, DG Enterprise

OTHER ORGANISATIONS

Sylvie FEINDT
Manager, SFC

Matthias NÖSTER
Project Manager, SFC

Jonathan POTTER
Organisation for Economic Co-operation and Development (OECD)

Philippe VANRIE
Managing Director, European Business & Innovation Centre Network (EBN)

CEMR

Angelika POTH-MÖGELE Head of Policy

Rachel BUCHANAN Policy Officer

Paul BELKIN Stagiaire

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