



# BASELINE STUDY

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## Table of Contents:

Table of Contents:.....	2
1 – The Project .....	3
2 –Review of state of the art of original objectives and proposed intervention areas of the INNOVA project .....	5
3 – From “Social Territorial Responsibility” to promotion of a Social Responsible, Sustainable, Urban Economy – the focus of the INNOVA project.....	13
3.1 Sectoral focus within the (urban) socially-driven economy: biofood and bioenergy production sectors .....	18
3.2 (Urban) Social Innovation for a Socially-driven economy that can push back up urban economies of the city partners .....	22
4 – Field analysis of the challenges and opportunities faced by the cities – results from the city visits .....	25
4.1 City of Tomares .....	31
4.2 City of Viborg.....	36
4.3 City of Monza .....	40
4.4 City of Santa Cruz de Tenerife.....	45
4.5 City of Bisceglie .....	49
4.6 City of Łódź.....	53
4.7 The County of Buckinghamshire .....	58
4.8 City of Seia.....	62
4.9 XI District of Budapest - Újbuda.....	66
4.10 University “Vasile Alecsandri” of Bacău (Bacău).....	69
4.11 Summary of Cities’ local situations, expectations and potential contributions to the Thematic Network.....	74
5. The path ahead – synthesis paper on conclusions and recommendations for the Implementation Phase .....	95
5.1 The Implementation approach .....	97
5.2 Sharing needs and ideas within the Network .....	98
5.3 Small scale test at local level.....	104
5.4 Scaling-up and diffusion.....	105
5.5 Learning and continual adaptation .....	106
5.6 The results – Urban Social Responsible Policies at local level for an enhanced socially driven economy that create jobs and improves urban quality of life .....	107

## 1 – The Project

The project “**INNOVA: sustainable business growth based on innovation and knowledge**”, led by the City of Tomares in Spain, has been one of the 19 thematic networks selected under the URBACT II 3<sup>rd</sup> call for proposals, closed on March 2012.

Placed under the Priority-Operation 1-1 “Cities, Engines of Growth and Jobs” the focus of the project is presented in the application form as the quest for a “new productive model” that helps cities deal with the on-going economic crisis and with its long lasting effects – economic downturn, instability of economic sectors and, in particular, high unemployment rates – a problem that is particularly felt in Southern Europe economies such as Spain from where the project originates, but that is a growing concern all across Europe. The initial partnership of the INNOVA project reflects this perspective gathering 2 Spanish (Tomares, Santa Cruz de Tenerife) and 2 Italian (Monza, Molfetta) cities, all facing two-digit unemployment figures, particularly felt upon youth population. The 5<sup>th</sup> partner on its turn it’s a Danish town (Viborg), which offers another side of the same problem: unemployment rate is only 6% (but up from 1,5% in 2008) but up to 25 % (aged 15-64) is outside the labor market and dependent on social benefits, early retirement, sickness funds, and similar schemes - the overall impact of these benefits in the city exceeding 20% of its year budget. From either perspective, North or South, the social pressure from these situations is huge – and calls indeed for a new “productive” or “economic” model as dared in the INNOVA project.

The main added-value of the “INNOVA” project, as highlighted in the feedback from the URBACT Evaluation Assessment Panel (EAP), relies entirely on the innovation and disruptive character of its approach. At a time where conventional economic models and development polices, purely based on market policies, show no signs of being capable to handle the fundamentals of largest crisis of the last 50 years and dealing with its effects, a new paradigm is proposed based on the development of socially responsible models (economic, social and environmentally) – both at the level of city governance and at the private sector level. What the INNOVA project proposes is a reflection on the limitations of the ‘system of the market economy’ where the economy is no longer embedded in social relations, but social relations are embedded in the economic system<sup>1</sup>, and the role that cities – as the governance body closer to modern society – can play to invert this context.

The goals of the project as defined in the original application are ambitious and the proposed approach quite broad. The original application to the Development Phase tackles several aspects through which to achieve the general objectives of “social responsible cities” and develop the aimed “new productive model”. It proposes in particular to cover 4 main themes in the Implementation Phase, that are:

- (New and improved) Local governance methods and practices to obtain Socially-Responsible Territories

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<sup>1</sup> Polanyi 1978, 88f

- Creation of new sustainable companies in emerging sectors based on innovation and knowledge, by creating innovative clusters
- Design of innovative methods for:
  - fostering the entrepreneurship and creativity of university graduates and highly-qualified professionals.
  - job training and career advice, which facilitates the rapid vocational rehabilitation of unemployed people from declining sectors, and fosters the proactivity and commitment of workers by improving their skills, competences and labor mobility.
- (Promotion of) Smart cities (concepts, such as):
  - making the cities more attractive to investment and the creation of sustainable and innovative companies;
  - innovation to improve the urban environment and quality of life by introducing ICTs into urban infrastructures, with a view to changing to a new management model that reduces the excessive consumption of resources and CO2 emissions, and improving urban waste management and the quality of public services.

As highlighted by the Evaluation Assessment Panel and by the URBACT Secretariat and Pole manager at the first meeting in Paris<sup>2</sup>, while all topics above could have their place within a “Social Responsible City”, a detailed analysis of all these topics in view of a future local action will not be feasible within the limited resources (in time and in budget) available to a URBACT Thematic Network. A clearer focus on areas with a more tangible potential for addressing the main objectives of the project – development of new, more social focused “productive” (or economic) models with a subsequent impact in job creation and a decrease of social (and budgetary) pressure on local governments – was deemed necessary and pursued through the Development Phase and within the Baseline Study deployment. The conclusions and the new focus of the project are presented further in this Baseline Study, but as a starting point (for both the project Development Phase and the Baseline), the next section briefly reviews the 4 original planned areas of intervention and assesses their potential for a Urban intervention leading to new social-oriented economic models and creation of new jobs.

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<sup>2</sup> 22-24 May in Paris

## 2 -Review of state of the art of original objectives and proposed intervention areas of the INNOVA project

As described in Section 1, the original Application Form to the Development Phase of the INNOVA project, aimed to promote “job creation with innovative solutions and joint strategies, through the creation of poles of innovative enterprises and participatory governance and socially responsible models (economic, social and environmentally)” through a proposed intervention in the following areas (that are hinted as areas for further exploitation through working groups in the Implementation Phase):

- (New and improved) Local governance methods and practices to obtain Socially-Responsible Territories;
- Creation of new sustainable companies in emerging sectors based on innovation and knowledge, by creating innovative clusters;
- Design of innovative methods for:
  - fostering the entrepreneurship and creativity of university graduates and highly-qualified professionals.
  - job training and career advice, which facilitates the rapid vocational rehabilitation of unemployed people from declining sectors, and fosters the proactivity and commitment of workers by improving their skills, competences and labor mobility.
- (Promotion of) Smart cities (concepts, such as):
  - making the cities more attractive to investment and the creation of sustainable and innovative companies;
  - innovation to improve the urban environment and quality of life by introducing ICTs into urban infrastructures, with a view to changing to a new management model that reduces the excessive consumption of resources and CO2 emissions, and improving urban waste management and the quality of public services.

All of these intervention areas have of course their relevance within the main project objective of job creation through the enhancement of a “new productive model” – but in the particular context of intervention of URBACT projects and of the participating cities (the 5 original partners and also the new partners that have joined the partnership during the development phase), some show a better potential for policy intervention at Urban level than others.

Within the first proposed intervention area, “**Local governance to obtain Socially-Responsible Territories**”, the concept of “Socially Responsible Territories” can have different meanings and interpretations in different countries. Within the original

application sustainability and environmental-friendly approach is favored, with the aim is stated to “mitigate climate change and promote more sustainable growth (through) a general change of society aimed at implementing Social Responsibility in the territories, in which citizens, companies and public authorities must participate”. The proposal mentions reduction of CO2 emissions, lower consumption of resources (water, energy, and land), and improved quality of life of the whole population as targets for the project. Overall, the proposed approach is an approximation at territorial level to the most familiar “Corporate Social Responsibility”. The theme is broad, addressing many different local policies – e.g. transport, industrial policy and licensing, water management, etc. and needs to be focused within the specific priorities of the INNOVA project, the top one being creation of jobs. As such one of the original benchmarks for INNOVA are the results of the project "*Promotion of the Territorial Social Responsibility (TSR) in local Governments: for a responsible administration*", an initiative promoted by the Andalusia municipalities Fund for international solidarity and co-funded by the Ministry of employment of the Regional Government of Andalusia and the European Social Fund in the “Euroempleo program”<sup>3</sup>. This project has focused on the identification and fostering of Good Practices at local level on links between employment and TSR practices. Such Good Practices typically aim at:

- To report and to orientate towards the active search of employment.
- To develop programs of occupational and constant vocational training and to qualify for working.
- To facilitate the professional practice
- To create and to promote the employment, especially the stable and of quality one.
- To promote the self-employment, the social economy and the development of the small and medium-sized companies.
- To promote the creation of an activity that generates employment.
- To facilitate the geographical mobility.
- To promote policies destined to persons' labor insertion in situation or risk of social exclusion.

An example of such Good Practices, which could be leveraged under the INNOVA project, is presented below:

**Box 1 - EXPERIENCE OF THE GDR'S IN ANDALUSIA: The Association for the Rural Development of Andalusia (PLOUGHS)**

**DRIVING ENTITY:** Association of Rural Development of Andalusia

**PARTICIPANT ENTITIES:** It groups to 52 Groups of Rural Development (GDRS) what suppose the 50 % of the Andalusian population and the 90 % of the total surface of the autonomous community.

**BRIEF DESCRIPTION:**

The Groups of Rural Development of Andalusia are entities collaborators with the Junta of Andalusia (regional government) in the implementation of their policies for the rural environment and, in particular, in the application of helps to entrepreneurs' projects / enterprising. These organizations, with a private nature and

<sup>3</sup> More info on <http://www.territoriosresponsables.org/7.html>

shaped as opened, participative and democratic structures, group to the public local Administrations and to the persons and private entities that work for the development of their territory.

The Groups are constituted as Non-profit associations, and have among their statutory objectives the local and rural development of their territorial area. The participation of the Administrations and Public Entities in the taking of decision does not exceed of 50 %, recovering a local Administration the function of and Financial Responsible Administration.

**WHAT RELEVANCE FOR INNOVA?** It is a question as the greater network of rural development in the European level and the only valid interlocutor between the GDRS and the administration. The Groups of Development have tried to detect endogenous resources in the rural world, not based exclusively on the agriculture and the ranching, and that by means of the economic diversification could complement revenues as well as create and consolidate new working places. Definitively, to generate wealth in the rural way in an attempt of fixing the population in its natural environment.

The principal qualitative aspect is in the intangible elements inherent to the participative approach, this is: social and managerial joint; structure of the economic sectors; recovery of the rural identity; generation of confidence of the population in its potentials; progressive stability of the population in the rural way, as well as, public and private investment.

**MORE INFORMATION:** <http://www.andaluciarural.org/index.php> <http://www.andaluciarural.org/>

The second topic aimed in INNOVA Application Form for the Development Phase, as a possible path towards social responsible cities and job creation is **“Creation of new sustainable companies in emerging sectors based on innovation and knowledge, by creating innovative clusters”**.

One of the main characteristics of all the member cities is the presence of unemployed, highly-qualified, innovative people with a high potential for creating companies, but who do not undertake to start them up. The ambition is to explore the barriers that prevent them from doing so, and identify good practices for fostering the entrepreneurship and creativity of these professionals, and for creating innovative clusters, taking advantage of the opportunity provided by the presence in the areas for action of universities and dynamic research centres, as well as investors with a capacity to provide financing.

This topic is particularly broad – and all across Europe and the world, there are countless examples of attempts to promote entrepreneurship and the emergence of new sectors as a way to compensate declining sectors and boost growth and job creation.

Within the INNOVA project, the main focus should be to detect and promote new sectors that answer to social needs at least as much as to market needs. The ultimate goals are to set-up and develop added-value value chains, that promote growth and create jobs, building on local circumstances and developing international links, while accomplishing a social role and promoting social values, in complement to the “mainstream market-economy”, which focus exclusively on the creation of economic value.

Taking a value chain approach to socio-economic development and unemployment reduction involves addressing the major social as well as economic constraints and opportunities faced by producers, processors, traders and other businesses at multiple levels and points along a given value chain. This will inevitably include a wide range of activities which in large part can be facilitated by local authorities, such as city councils, such as ensuring access to the full range of necessary inputs, facilitating access to cheaper or better inputs, strengthening the delivery of business and financial services, enabling the

flow of information, facilitating improved market access, or increasing access to higher-value markets or value-added products. A value chain links the steps a product takes from the producer to the consumer. It includes research and development, input suppliers and finance. Supporting value-chains, in areas with true and sustainable potential, social as well as economic, makes therefore all the sense for city councils wishing to promote local economies and addressing employment problems, while enhancing social responsibility.

**Box 2 - Values-based food supply chains: Organic Valley, Wisconsin, US**

*“Organic Valley is a social experiment disguised as a business.”— CEO George Siemon*

Organic Valley began as the brand name used by a group of Wisconsin family farmers who, in 1988, organized an organic vegetable marketing cooperative under the name Coulee Region Organic Produce Pool (CROPP). A short time later, seven dairy farmers joined the co-op. Renamed the Cooperative Regions of Organic Producer Pools in 2001, and having benefited from local and also national support, the cooperative has grown to be the largest organic farmer-owned cooperative in North America, with over 1,300 members residing in over thirty states and the Canadian province of Ontario—or about ten percent of the organic farming community in the United States. In 2007, sales of Organic Valley products topped \$432 million and the cooperative employed over 400 people, most working in a newly constructed headquarters and distribution center in rural, southwestern Wisconsin. Funds for constructing and equipping the two new buildings were generated by a mortgage provided by the State of Wisconsin Investment Board and by a \$21 million public offering of non-voting stock.

Organic Valley has created a pyramid model that illustrates what it calls the “evolving organic food lifestyle.” The USDA organic standards banning the use of synthetic pesticides and fertilizers represent a bottom platform supporting additional agrifood related values such as humane animal treatment, local food and growing your own food. Within these broad frameworks, Organic Valley engages multiple goals that address fair, farmer-determined food prices; good tasting, nutritious food; ecological and economic sustainability; healthy livelihoods and communities; cooperative principles; and respect for biological and human diversity, which all fit under the concept of social responsibility, while achieving economic success

Elements of the value chain concept are also incorporated within innovative development policies. This involves the use, adoption, uptake, or commercialization of existing knowledge. Successful innovation requires not only appropriate research outputs, but also relies on a supportive policy and institutional environment, the availability of credit and technical support, and the existence of healthy markets and functioning infrastructure – all factors that may be influenced by local authorities. It is also likely to involve a wide range of key actors from farmers through to policy makers, private-sector companies, entrepreneurs, as well as journalists.

For promoting the development of Value chains, as envisaged within the INNOVA project, it will be necessary to understand competitive challenges, identify relationships and coordination mechanisms, and assess how chain actors deal with local powers and who governs or influences the chain. Developing value chains is often about improving access to markets and ensuring a more efficient product flow while ensuring that all actors in that chain benefit.

Within INNOVA, particular focus should be put into value chains that combine the economic value with social values, in line with the Good Practice presented on box 2, left.



The third topic aimed by INNOVA in the original Application Form for the Development Phase focus on **job creation and growth through entrepreneurship as well as job training and career advice.**

Under the orientation chosen for the topic of Local Governance, this area is already covered. The key within INNOVA will be to focus on the elements that bear a strong synergy with the core of the project and the other areas considered – in particular the focus on social responsibility and the need to focus on specific sectors. A possible dimension to be explored through the INNOVA project in this field, consist in the promotion of a progressive transfer of social responsibilities – especially in terms of social protection of in particular the unemployed, but also in terms of ecologic and sustainable urban intervention and other forms of community action – from public authorities towards private organizations. This need is felt in particular in Northern cities – e.g. the example of Viborg where 25% of the population in a active age is not in the labor market and benefits from some form of social protection, partly or totally supported by the city, a situation which may soon become unsustainable – but it is also increasingly felt in Southern cities that face growing unemployment and the need to cut social budgets. The only way to cope with this situation, and reduce social budgets without drastically reducing social welfare, is to call the private sector to take a larger share of social responsible measures. As stated by David Cameron in 2010 in his speech about a “Big Society”, it is increasingly necessary to *“open up public services to new providers like charities, social enterprises and private companies so we get more innovation, diversity and responsiveness to public need”*. The approach is greatly inspired by Obama Administration's groundbreaking Social Innovation Fund (SIF) in the US. The rationale behind this is no longer ideologically, it is purely driven by economic reasons in an era of severe cuts in public budgets.

Such strategies can be implemented in several ways – e.g. promotion of social entrepreneurship, in order to address unemployment; promoting social employment; or creating incentives (directly, or indirectly through public procurement) for companies to embrace social responsibility causes. The promotion of social entrepreneurship in cities can take many forms, from raising awareness for entrepreneurship support measures amongst users of social protection up to the creation of new (urban) venture capital funds for social projects. These funds – private, public or as it often the case mixed, with public money leveraging private investment - can then be invested to attract companies to promising “socially-driven” markets (such as biofood or bioenergy) or used to support the creation of companies by promoters originating from socially excluded groups. The latter as been the cases with *“FinanCités”* an initiative launched by Jacques Attali to invest in entrepreneurship projects in the social sensible districts in the suburbs of Paris<sup>4</sup>. Such funds can also be used to finance companies that chose to locate in problematic urban areas, or that employ a majority of social excluded people. In all these cases, they may represent the use of city resources for creating jobs, addressing unemployment and reducing the city burden with social protection.

Other possibilities are related with promotion of social employment and incentives for the development of CSR practices in companies, in line with the initiatives already started in Tomares (within the project *“Tomares, ciudad de empresas responsables”*) or Monza,

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<sup>4</sup> More info on <http://financites.fr/>

within the study started by University Milano Bicocca on employment needs. Within the project in Tomares, one of the measures under consideration is the creation of an advising enterprise service, to promote setting up sustainable and responsible enterprises and the implementations of social responsibility plans in enterprises, including the promotion of social employment.

In terms of social employment, the goal of initiatives in this field is to devise means of inclusion of a wider range of societal groups in the economic and growth processes – including groups that are today excluded from the mainstream job market, and – at least in part – benefiting from social schemes paid by local or central governments. The principle is that all elements of society have ideas and experiences which may be useful inputs to local development, but that some groups are excluded from effective involvement in the economic process. Some groups exclude themselves by simply not using the opportunities available, while others are excluded by virtue of their surrounding context. Even groups which are organised on a formal basis, may not take the steps towards becoming true growth agents, simply because of lack of awareness of their potential to do so, or because the benefits of such efforts are not seen as priorities. The specific goal is to develop mechanisms, through programmes, incentives and actions – i.e. new and/or improved local policies - for inclusion of these groups in the growth process and in economic activity thus lighten the burden on the social budget. This may include for example:

- Leverage ‘experienced people’ (maybe retired) with skills that can be passed onto those starting off so lessons can be learned and experience re-invested;
- Involve, e.g. in training actions, those people older than 50 who represent a significantly increasing market (so called grey market) and who can bring understanding to the needs and aspirations of older generations;
- Increase participation of women (50% of workforce) in all areas of business innovation as often too few women start new businesses or drive innovation within existing businesses;
- Capitalise on new levels of migration and skills mobility;
- Capitalise on ‘virtual’ access to talents and skills across trans-national boundaries;
- Exploit the new insights and creativity of young people who understand new markets and are not burdened by the orthodoxies of the current generation.
- Expand entrepreneurship support measures to target young people, with no university background and resident in “sensitive areas”, as these are often excluded from the normal support schemes while possibly being the target group with the greater need and will to take entrepreneurial initiative.

The combination of all types of people working together in new working environments is an approach that promises successful results. Possible outcomes might include recommendations for the introduction of mechanisms by which the ‘informal’ structures which support the ‘excluded’ groups could be transformed into economic structures by providing e.g. (micro) seed capital, training and coaching services, mentoring, etc.

The fourth area of intervention originally proposed by INNOVA refers to the study of **Smart Cities concepts, with a view to making the cities more attractive to investment, and to foster innovation to improve the urban environment and quality of life by introducing ICTs into urban infrastructures.**

In this topic, the possible range of interventions is nearly endless – and it will be necessary to link intervention to the main core of the project (social responsible cities for the creation of jobs) and to the other fields. In recent years, many cities have initiated “smart city” initiatives focusing on the socio-economic development and regeneration of cities, and building on the deployment of broadband infrastructure and the piloting of advanced applications in societal domains such as healthcare, government services, energy efficiency and mobility and transport. As the FIREBALL coordinating action project funded by the European Commission<sup>5</sup> has investigated, many of these initiatives and strategies demonstrate a top down orientation and seeking a balance with bottom up initiatives. Increasingly, the notions of citizen empowerment, participative urban planning, and open collaborative innovation gain more attention in the strategies of transforming towards “smarter cities”, bringing the societal dimension of innovation and urban development to the forefront. Empowering citizens and facilitating the creation of collaboration networks and communities may help cities becoming real “agents of change”. Under INNOVA this concept can be particularly addressed through the involvement of the URBACT Local Support Groups (ULSG) in each partner city. Increased stakeholders participation in urban development, is a core objective of every Smart City. Since the Greeks invented democracy to govern their city states that the issue of participation has been on the political agenda. Democracy has evolved since but participation has had its ups and downs. Listen to the “man or woman in the street” today and he or she will probably tell you that they’re fed up with politics. But that in itself is a political statement that should be, and often is, taken into account by political forces. Participation is still key to democracy and the closer the governance is to citizens the more important it becomes – as in city governance. The issue is very relevant at URBACT, where participation of Local Support Groups in the development of Local Action Plans is mandatory, and has evolved to some best practice cases where local support groups created for a specific URBACT project have become permanent advisory boards to the city council, promoting stakeholders’ participation in city governance. This has happened in Stoke-on-Trent, the city which history is so rooted in the ceramic sector that is known in the UK as “The Potteries” and that was a partner in the URBACT project “UNIC”. Even before the end of UNIC, and putting into practice one of the main actions included in the Local Action Plan, the temporary Local Support Group has given origin to the permanent Ceramic Development Council. This new structure has been created with the objective to establish a body, led by industry and including other cluster stakeholders, that has the capacity to provide strategic leadership, direction and prioritized action plan to develop the local ceramic cluster over the medium to long term, in alignment with local economic development policies. This and other successful cases of incorporation of Local Support Groups in local policies should be considered in the Implementation Phase of INNOVA.

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<sup>5</sup> [www.fireball4smartcities.eu](http://www.fireball4smartcities.eu)

In conclusion, the 4 implementation paths proposed by INNOVA intersect at one key point, which is the core focus of the project: the need to evolve towards a new socially responsible, sustainable, economic model that can act as complement to the market-economy, contributing to create the jobs that this is one is failing to deliver and this lighten the social burden from city governance.

This has been acknowledged by the partners in the first meeting in Tomares, where the decision has been taken to focus the project on what is the main innovative characteristic (the Urban Social Responsibility model of development) and on what is the most pressing concern for all partners (the creation of jobs), within the background aim of developing a new (urban) “productive model”.

As such, it has been decided to focus the INNOVA project on the topic of “Urban Social Responsibility for the creation of jobs” – a unique topic not covered by any of the current or past URBACT II projects – and that can encompass aspects as local development of new sectors, social entrepreneurship and reconversion of workers into this “socially driven” economy. This focus is detailed in the next section, and has been the framework for the analysis of the cities (namely through the city visits) that has taken place during the Development Phase.

### **3 – From “Social Territorial Responsibility” to promotion of a Social Responsible, Sustainable, Urban Economy – the focus of the INNOVA project**

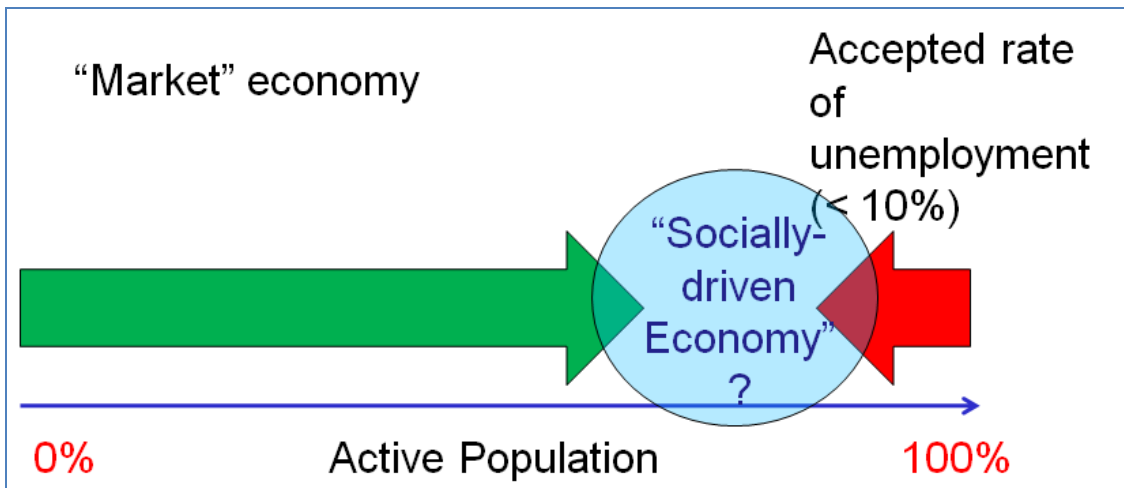
As it becomes clear from the previous section, the main concern both at the origin of the INNOVA project (as expressed in its application to the Development Phase) and at the core of its participating cities, is the need to address growing unemployment. Cities must in particular act to urgently restore the jobs that have been lost as a result of the economic crisis that has shaken the pillars of the market economy in western economies, and most particularly in Europe, since the collapse of the Lehman Brothers Bank in 2008.

Within the INNOVA network, most cities either face unemployment rates above 10% or have to deal with very high social costs in order to keep lower rates. This has partly been the result of a sharp and constant decline of traditional sectors: construction (as in Tomares and Santa Cruz), textile (as in Lodz), furniture (as in Buckinghamshire), manufacturing (as in Monza), etc. But also the result of a post-crisis sudden slowdown from hi-tech sectors that were supposed to take over from traditional sectors: IT, biotech, creative industries, amongst others. Overall, independently of the regional profile, if more based on traditional industries or on hi-tech sectors, unemployment is rising across the whole of Europe. And while there is no doubt that an open market economy will continue to be the prevailing economic system in Europe and in the World, it seems increasingly doubtful that traditional « market / liberal » model can bring back employment levels to the pre-crisis figures. In a increasing globalized world, what now seems as stake is the belief that has fueled many European local and regional policies, that to each declining sector (brought down by competition from other areas of the globe) would succeed a new “hi-tech” sector that would make up for the lost jobs and even promote growth and development. This belief, supported by an equally blind trust in our capacity as Europeans to stay permanently ahead of our competitors in terms of innovation and technological development (which in the end is no more than a illogical presumption that “we are smarter than the others”) has now been seriously hampered as some European economies (such as Greece, but to be soon followed by others) enter their 6<sup>th</sup> consecutive year of recession. It is therefore no surprise that policy makers, and city governments in particular – as cities suffer the most from unemployment – look for alternative growth models.

The picture below represents the dilemma faced by Cities and challenged through the INNOVA project. In spite of all efforts to promote new market sectors and capture external investment (a policy handled very successful over the last years in countries such as Poland and in Lodz in particular), “market” economy (here taken in its broader sense, i.e. all for profit activities, including public support activities) no longer seems capable of ensuring full employment amongst the active population not engaged in the public sector – based on recent Eurostat figures, 70 or 75% seems like more likely figures. A reality that is particularly affecting the youth, as newcomers in the job market, on one hand, and older workers laid off from declining sectors and incapable of reconverting into other sectors, on

the other side. If we consider that the maximum level of unemployment that can be supported by cities without a collapse of social models to be around 10%, this still leaves a gap of about 15 to 20% of the active population that must be filled – and for which new models must be found.

Figure 1 – The Employment Gap



How to fill the gap does not obviously come with an easy solution. In a era marked by stiff cuts in public expenditure all across Europe, more public investment and consequently more jobs in public sector is out of the question. On the contrary, in most countries, Governments need to face difficult job cuts in the public sector as a way to reduce public deficit.

The typical way to address the problem so far as been through the concession of public subsidies and grants resulting in a artificial elimination of job-seekers from the statistics and solving social problems, at least temporary. The approach to this has differed across Europe, although with the same practical effects: in less developed regions, massive ESF funds have been allocated to long term and consecutive training actions directed at unemployed population, resulting in a temporary occupation (sometimes over several years) and grant; in more developed regions, the practice is to concede long term subsidies to groups of population that for some reason (socially disadvantaged, sickness or some level of incapacity, parenthood, aged people on care, etc.) are less apt for the labor market. Both approaches are costly and not sustainable at the present era of budget cuts. They also lack the scale to deal with increasing unemployment figures as they can only serve a relative small numbers of beneficiaries at a time. More important, they present only temporary solutions and especially lack the multiplication character that seems necessary to effectively handle the problem in the present context – i.e. cases are addressed individually and a “solved case” (i.e. someone following a training course or benefiting from a public grant) will not on its turn generate employment by hiring new people. As such, new models are indeed necessary to “fill the employment gap”.

The most appealing solution nowadays lies in the emergence of an alternative economic model, that can complement the “market-driven” economy. This can be called in many ways (“social economy”, “third sector or third way”) and express different concepts: Non-profit sector (cannot make profits), Not-for-profit sector (can make profits but not primary

motivation), Solidarity economy (in support of the poor, e.g. fair trade), Alternative economy (motivated by, e.g. concern for the environment), etc. But overall they answer to the same demand: a sector that is not driven by pure market laws, but by social concerns, yet it plays by the same open market rules and aims at sustainability and growth, resulting in the creation of jobs and improved quality of life. Within the INNOVA project we will opt for the expression “**Socially Driven Economy**”, within the project goal of developing “Socially Responsible, Sustainable new productive models”.

The concern with this “Socially Driven Economy” is unquestionably at the core of Urban Development today. There is a growing global movement to advance concepts and frameworks of the Social Economy as a way to address increasing inequality of social, health, economic and ecological conditions, to provide alternative solutions to the perceived failure of neo-liberal dominated globalisation and to address the weakening social capital of communities<sup>6</sup>. And it is also unanimously admitted that the level of development that the sector achieves is directly correlated to the nature of the supportive environment, the strength of the sector infrastructure, and government commitment toward enabling the development of this environment and infrastructure through policy, programming, and funding – hence the key role that Cities, and Cities’ local governments can play on it.

The concept is not new – it has indeed followed an evolution along three main stages:

- an initial rise based on network-based associations with various functions arising to solve specific problems, with both an economic and a political identity;
- later an integration into a modernization project that favored the market-state synergy, resulting in a marginalization;
- and finally a strong revitalization over the last years following the crisis of the market-state relationship;

Overall, it appears evident that this concept of an enhanced “Socially Responsible Economy” fits clearly within the priorities originally defined for INNOVA as assessed in the previous section: it fosters the links between employment and TSR practices; it offers a field for the creation of new sustainable companies in emerging (social-driven) sectors based on innovation and knowledge, by creating innovative clusters; it also offers a brand new field for a new breed of entrepreneurs, as the result of social entrepreneurship; and finally it mobilized and incentivizes a wider participation of citizens, possibly assisted through ICT technologies enabled by Smart Cities concepts. Overall and above all, it can contribute to create jobs and lighten the social burden on cities policies and budgets.

At the core of this (urban) “Socially-driven Economy” lies of course the “Social Enterprise”. Jobs are created and maintained in enterprises, and the main goal for cities under INNOVA should be the creation and development of these “social enterprises” as instruments for job creation.

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<sup>6</sup> Adeler, 2009.

Within literature, the “Social Enterprise” is described as referring to market-oriented economic activities while serving a social goal. The social enterprise is also viewed as an innovative response to the funding problems of non-profit organizations, which are finding it increasingly difficult to solicit private donations and government and foundation grants<sup>7</sup>. But there are several possible criteria to define a “social enterprise” and differentiate it from a NGO or from a pure public initiative. Some of the most common are: a continuous activity, producing and selling goods and/or services; a high degree of autonomy; a significant level of economic risk; an explicit aim to benefit the community; an initiative launched by a group of citizens; decision-making power not based on capital ownership; a participatory nature, which involves the various parties affected by the activity; a limited profit distribution. The “Social Enterprise”, unlike the traditional NGO or social organization, acts within the established rules of the market economy albeit driven by different value, which may increase its sustainability and promote its growth even in times of economic crisis and/or recession and the ones Europe is currently facing. As such it creates jobs and improves the quality of life of citizens, on the basis of the income it self-generates.

There are several examples of such “Social Enterprises”. The table below provides a comparative analysis of 7 of these examples, on the basis of “ownership”, “control”, “product”, “finance” and “values”.

**Table 2 – Examples of “Social Enterprises” of interest under INNOVA**

	<b>Ownership</b>	<b>Control</b>	<b>Product</b>	<b>Finance</b>	<b>Values</b>
<b>OMSCO (organic milk suppliers’ cooperative)</b>	Joint/workers	?	Economic	Private/ members	Mutualistic (organic)
Local ESOP	Worker/shareh olders	Managers	Economic	Employees /private	Market
Water management co	Trust?	Managers	Public good	Private	Mutualistic? No
Community enterprise	Workers	Employees? Committee?	Social	Public	Mutualistic
<b>Credit Union</b>	Members	Members	Financial	Members	Mutualistic
Foundation hospital	State?	Members	Social	Public	Market?
Children’s hospice	Non-profit	Managers	Social	Charitable	Philan- thropic

ESOP – Employee Share Ownership Plan Companies

Without losing their social drive, Social Enterprises can (and should) strive and grow thus boosting the Socially-driven economy and creating jobs while solving social needs. Two concrete examples of this from countries represented in INNOVA: Mondragón (Spain) and Novamont (Italy).

<sup>7</sup> Defourney and Nyssens, 2006



Mondragón Cooperative Corporation (MCC), is the world's largest worker cooperative. Founded in the town of Mondragón in 1956, its origin is linked to the activity of a modest technical college and a small workshop producing paraffin heaters but it has grown to become the seventh largest Spanish company in terms of asset turnover and the leading business group in the Basque Country. At the end of 2011 it was providing employment for 83,869 people working in 256 companies in four areas of activity: Finance, Industry, Retail and Knowledge. The MONDRAGON Co-operatives operate in accordance with a business model based on People and the Sovereignty of Labour, which has made it possible to develop highly participative companies rooted in solidarity, with a strong social dimension but without neglecting business excellence. The Co-operatives are owned by their worker-members and power is based on the principle of one person, one vote. The determining factor in the creation of the Co-operatives that today make up the MONDRAGON Corporation, was the arrival in 1941 of a young Catholic priest José María Arizmendiarieta in Mondragón, a town with a population of 7,000 that was suffering the painful consequences of the aftermath of the Spanish Civil War: poverty, hunger, exile and tension. He decided to do all he could to promote coexistence and come up with formulas to create employment based on solidarity and social values. In 1943 he set up a Technical College that was open to anyone, and which would become, with the passing of time, a seedbed for managers, engineers and skilled labor for local companies, and primarily for the co-operatives – of which the first one was Talleres Ulgor, known today as Fagor Electrodomésticos, the first company of the co-operative and industrial beginning of the Corporation

Mondragón has been recently pictured in a high profile article in The Guardian<sup>8</sup> that presents it as a successful case study from an alternative model to the “market –liberal” mainstream economic model. The article highlights MCC organization model, salary ceiling rules (MC limits top-paid worker/members to earning 6.5 times the lowest-paid workers while in US corporations, CEOs can expect to be paid 400 times an average worker's salary – a rate that has increased 20-fold since 1965) and commitment to job security, R&D (R&D within MC now employs 800 people with a budget over €75million) and education (MCC established and has expanded Mondragon University and it enrolled over 3,400 students in its 2009-2010 academic year). And it also points out the economic success of the company which has grown from a single cooperative to one of Spain's top ten biggest corporations (in terms of sales or employment).

The Novara based Novamont company is a totally different story, but that can also be labeled as a “Social Enterprise” due to its commitment to sustainability and quality of life issues and the use of green materials that drives all of its activity. The company's ambitious project, “Living Chemistry for Quality of Life”, combines chemistry, agriculture and the environment in a “philosophy” that guides all company acts . The company has been portrayed in the September issue of Alitalia in-flight magazine where it is presented a world leader in green plastics with an unconditional commitment to sustainable development and quality of life. The company defends a transition from a product-based economy to a system-based economy, in order to achieve economic and environmental sustainability in the interests of society as a whole, starting with the improvement of local

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<sup>8</sup> “Yes, there is an alternative to capitalism: Mondragon shows the way” - Richard Wolff, guardian.co.uk, Sunday 24 June 2012

regions and involving their various stakeholders, and based in this model has grown to a workforce of 220 employees (30% of whom in R&D), and a record turnover of €165 million in 2011, while it has become a European success story of the sustainable economy.

Creating at urban level new Mondragóns or Novamonts that can employ hundreds or even thousands of people is no easy task – but there is a role for city governments. There are several policy instruments that can be used to foster the Socially-driven economy and the development of Social Enterprises, among which: Program funding to Social Economy organizations (as now done at EU level by the European Commission), Supports for social enterprise development, and sector-wide governance, Legislation of legal forms for Social Economy organizations (as done in UK, Italy), access to capital, financial and tax benefits, Procurement policies advantaging Social Economy organizations (e.g. as done in Italy, France and UK). INNOVA will look at these instruments and practices from within and beyond the network of cities in order to strive for new and enhanced policy focus.

Within the INNOVA network of cities, some sectors appear as particularly promising for the enhancing of social enterprises and of a socially-driven (and sustainable) economy by cities' governments. It is the case of bio (or organic) food and also of bio energy production, which are briefly reviewed next.

### **3.1 Sectoral focus within the (urban) socially-driven economy: biofood and bioenergy production sectors**

The organic or bio food sector is an especially promising sector for an intervention at the level of the “Socially-driven economy” – as it represents a potential new area of growth and creation of jobs, lead by a social concern, within a mainstream sector (agro food) which has been declining steadily (in terms of jobs) all across Europe. The European organic food market is an attractive and growing segment of the overall food market. Its growth potential is also significant, driven by increasing appreciation by consumers and the current, still low, per capita consumption. Nowadays, most consumers are aware of the relevance of organic food and its sustainable production methods, although most of them still buy organic products on an irregular basis.

2011 was another year of European food market growth. Sized at €21 billion in 2011, the organic food market grew 6%, which was in line with 2010 and 2009. Up to 2008, before the impact of the economic recession was felt, growth was running around 10% per year. Also for the medium term, including 2012, it is expected that the organic food market in Europe to outpace growth of the total food market, cautiously estimating growth around mid single digit. Europe is now the biggest market for organic food in the world, expanding by 25 percent a year over the past 10 years. The German agriculture minister wants to make 20 percent of German agriculture organic by 2010, and Denmark's agriculture minister is herself an organic farmer. In Portugal, the organic food market made the headlines in one of the reference national daily newspapers as recently as 8 October 2012<sup>9</sup>, with the announcement that the sector has grown by a factor of 20 in the last 15 years reaching a turnover of 20 million € and creating nearly 6.000 jobs.

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<sup>9</sup> <http://jornal.publico.pt/hemeroteca/?d=7-10-2012>

The sector is far more than production of organic food by organic farmers. It also involves distributors, retailers (including cornershops within city centres), logistic operators, (Bio) energy production, academics, restaurateurs and chefs, small entrepreneurs, Tourism operators, social-economy organizations : NGOs, co-ops and end consumers – all of which with an impact in urban development and urban policies.

A detailed analysis of the Partner Cities results in the clear identification of the transversal impact of this “socially-driven” sector in all the participating cities:

- it builds from the agro-food sector which is still a key or important economic sector in cities such as Tomares, Seia, Bisceglie;
- it appeals to a growing number of consumers concerned with sustainability and quality of life issues, an established trend in Northern cities and regions such as Viborg or Buckinghamshire and quickly growing in all Southern regions;
- it relies on the innovation and dynamics from equipment manufacturers, such as those established in Viborg (hydraulic pumps), Buckinghamshire (engineering services) or Lodz (ICT and chemicals);
- it is heavily dependent on efficient logistics and transport systems, a key issue in all partner cities;
- it is an inclusive sector, with growth potential, that can attract a wide range of unemployed with different levels of qualifications, training background and entrepreneurship attitude and contribute to address unemployment and professional reconversion issues in all partner cities;

But in spite of its unquestionable potential, the sector faces several challenges which deserve to be addressed within the context of Urban Social Responsible Policies. One of the key challenges for the sector is to develop new, emerging and existing markets for organic produce whilst driving innovation, at all levels, within the supply chain. The sector still strives to increase the consumer demand and markets for organic produce, especially in Southern countries, whilst also ensuring that the primary producers are aware of market demands.

A complementary challenge for the sector, with particular relevance in Urban Policies, is how to increase the synergy with tourism, in its various concerned sides: sustainable tourism (defined as “Tourism which meets the needs of present tourists and host regions while protecting and enhancing opportunity for the future”), ecotourism (defined as “Tourism that contributes to environmental conservation, supports local economies and provides recreation and environmental learning experiences”), agro-tourism (“...any practice developed on a working farm with the purpose of attracting visitors”) or food tourism (“any activity that promotes high quality, distinctive, local and sustainable food experience linked to a particular place”). It is a fact that the organic sector has the potential to make beneficial contributions to the quality of life, the environment and sustainability in various fields beyond those derived from the standards of organic production. The development of organic agro-tourism can add to these contributions by linking tourism,

food production and the environment; and by creating new markets for organic food and short food supply chains.

The connection between organic food and tourism also encompasses the retail and distribution channels, including small urban stores. Organic food has now become a usual presence in all giant distribution chains, but is still underdeveloped in terms of small, proximity commerce. It also has a great potential for the development of city markets, fairs or exhibitions, which is not being duly exploited in terms of Urban policies (e.g. imagine the economic potential of an “*Organic beer Oktoberfest*” in Lodz or Újbuda or an “*Organic Tomato Tomatina*” in Tomares, Seia or Bisceglia).

Another challenge faced by the sector is the lack of Human Resources. It may come as a paradox that a time where unemployment is the largest problem faced in Europe and by European cities, often the organic food sector deals with an opposite problem – the lack of human resources. More than a paradox, such situation should be regarded as an opportunity for both re-qualification of workers affected by declining industries and for promotion of entrepreneurship.

As a sector that continues to face strong growth rates - in 2009, a year that many industries could not wait to put behind them, the organic food industry grew by a whopping 12.3% in the United States and 9.7% globally (DataMonitor) – the organic food sector is creating job opportunities – both for qualified and unqualified workforce – that aren’t being filled as quickly as often desired. This opens for room for intervention at Urban Policies level in several fields: re-qualification of workers (training and guiding lay-off workers from declining sectors into the organic sector to meet the needs at the different value chain levels), promotion of entrepreneurship (as owners of organic businesses are in average younger and more qualified than non-organic, and as such this is a more suitable field for young entrepreneurs, including those with academic qualifications), volunteer and social work schemes.

A similarly relevant sector (and highly complementary to bio food production) is bio-energy, especially the production of biofuels which is a main sector of research in several countries – including Denmark where Viborg is a main research centre in this field – and can also be a promising sector for a “socially-driven economy”. Expansion of biofuel feedstock cultivation is being widely embraced as a way to achieve energy security as well to promote sustainable rural development through employment and smallholder market integration. The sector is complementary to biofood, as biomass is already obtained from the agriculture and forestry sectors, as a residual product from harvesting or as purpose-grown crops of trees and other plants. Forestry and agriculture activities typically leave large amounts of biomass on site after harvesting e.g. branches, tree tops, straw, corn stover, and bagasse from sugar cane. Instead of looking at this as waste, it can and should be considered as a feedstock for bioenergy. In some cases there is a need to leave a proportion of the waste to protect or enhance the site quality, or to create habitats. In other cases the removal of wastes can facilitate ground preparation or replanting operations, or reduce risks of pest and disease outbreaks. These crop residues tend to be dispersed in the environment and may suit smaller scale bioenergy applications in order to minimise transport distances. Farm animals also produce wastes that offer energy

potential. Animal dung is used as a fuel in some parts of the world, and effluents are commonly digested to produce biogas.

There are multiple environmental benefits of using bioenergy, which justify its inclusion under the “socially driven economy” including:

- reduced pressure on finite natural resources
- reduced landfill waste and associated issues
- protection of groundwater supplies and reduced dryland salinity and erosion
- maintenance of logging sites in a clean state for reforestation
- increased terrestrial carbon sinks and reservoirs
- the return of land back into production with enhanced biodiversity
- reduced GHG emissions via fossil fuel substitution

New employment opportunities arise in particular in growing and harvesting biomass, transport and handling, and plant operation. They also extend to equipment manufacturers and maintenance crews. Farmers may improve returns as marginal crops become viable given an additional source of income from energy byproducts. Degraded forests may be rejuvenated and waste streams diverted to produce energy.

Bioenergy can also contribute to local and national energy security which may be required to establish new industries. Bioenergy contributes to all important elements of national/regional development: economic growth through business earnings and employment; import substitution with direct and indirect effects on GDP and trade balance; security of energy supply and diversification. Other benefits include support of traditional industries, rural diversification and the economic development of rural societies, which are all important elements of sustainable and social development.

But in addition to these sectors, other sectors of the “Socially-driven Economy” may and will be addressed under INNOVA. These may include Health care, child care and home care, Community social and cultural services; Fair trade & ethical consumption; Sustainable resource management; renewable energy; Recycling and Social housing.

The goal of INNOVA is not to become a project about a particular sector, but to focus the key issues of creation of poles of innovative enterprises and participatory governance and socially responsible models into a specific sector, with a leverage potential across all the local economies. The goal of the INNOVA project is to use these sectors (organic / bio food, bio energy but also others as relevant for the cities) as “living labs” for new and innovative city strategies that can create jobs, promote entrepreneurship and contribute towards an enhanced and sustainable social responsible attitude within cities. Such strategies should be valid and transferable into other sectors and other cities. In other words, the focus of INNOVA is to achieve (Urban) Social Innovation for a Socially-driven Economy, thus addressing the issue of unemployment amongst participating cities.

### 3.2 (Urban) Social Innovation for a Socially-driven economy that can push back up urban economies of the city partners

The role of the INNOVA project will be to build on present scenarios and political agenda of participating cities in order to develop new and improved actions that can foster “socially driven economies” at local level and thus address unemployment and social issues. As such, at the core of the project will be the quest for **Social Innovation** measures and actions.

The results of social innovation – new ideas that meet unmet social needs – are all around us<sup>10</sup>. They include fair trade and restorative justice, hospices and kindergartens, distance learning and traffic calming. It is now widely accepted that Social innovation is not unique to the non-profit sector. It can be driven by politics and government (for example, new models of public health), markets (for example, open source software or organic food), movements (for example, fair trade), and academia (for example, pedagogical models of childcare), as well as by social enterprises (microcredit and magazines for the homeless).

Today there are signs that social innovation is becoming even more important for economic growth and when correctly used by cities governance it can be an extremely powerful tool of urban development too. This is partly because some of the barriers to sustainable growth (such as climate change, or ageing populations) can only be overcome with the help of social innovation, and partly because of rising demands for types of economic growth that enhance rather than damage human relationships and well being. The key growth sectors of the 21st century economy look set to be health, education and care, accounting between them for around 20-30% of GDP , and more in some countries. These are all mixed economies, strongly shaped by public policy (including at urban level), and requiring models of innovation very different to those that worked well for cars, microprocessors or biotechnology. But as for “traditional innovation”, the local factor will still vital for success.

The “successful locations” of the immediate future, the ‘Social Silicon Valleys’ of the 21<sup>st</sup> century (to use the expression coined by the Oxford Business School to describe them), will be the will the places in particular cities) that will mobilise resources and energies to tackle social problems in ways that are comparable to the investments in technology made in the first silicon valley and its equivalents around the world. This is likely to require major changes amongst governments, foundations, civic organisations and businesses, and strategies that prioritise creative connections, and institutions that can cut across boundaries. These will be topics addressed within the INNOVA project, building on the successful cases already existing in all cities as described in the next section.

Aspects that can foster urban social innovation and will be addressed within INNOVA include in particular:

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<sup>10</sup> “Social innovation: what it is, why it matters and how it can be accelerated”, Oxford Business School, 2010

- Policies and Politics who visibly encourage and reward successful innovation, and who can straddle different fields and that engage more citizens in change - citizens want to be involved, lead change, and see evidence of improvement. More individuals are stepping up and offering to do something—but few pathways exist for them to learn, receive full support, and ensure success and local governments must address these issues.
- Foster a new breed of social organizations. The traditional charity-driven model of nonprofits reduces collaboration and increases competition for scarce funding. Nonprofits can spend up to 70% of their time feeding their organizations, decreasing their ability to be effective change organizations. The model is outdated, undervalued, and is crucial for cities to promote a shift in the model, from traditional charity/NGO models into social enterprises with a larger economic role, following the Mondragón or Novamont example;
- Finance mechanisms focused specifically on innovation, including public and philanthropic investments targeted at the areas of greatest need and greatest potential, and organised to support the key stages of innovation (including crowdsourcing mechanisms and other innovative schemes such as “stock exchanges for social projects”); Social innovators need capital for non-traditional enterprises, social enterprises, and new nonprofits as well as new initiatives and program replication within existing institutions. With more accessible start-up and sustaining capital, social innovators and entrepreneurs have increased capacity to be effective. Greater flow of capital through creative and non-traditional means also opens opportunities to more citizens to engage with and develop innovative social enterprises, increasing a community’s capacity to solve problems;
- New ways of cultivating the innovators themselves – drawing on experiences from organisations like the Animation Workshop (Viborg). In order to nurture a new generation of social innovators, as well as share promising practice with current leaders, a social responsible city should offer educational programs in how to launch and grow effective social, or socially-driven, ventures.
- Physical spaces as places where people can come together to model, nurture, host, and launch social innovation. These can include buildings, multi-use rooms, flex spaces, or other reliably available places. Communities need to provide physical spaces where early launchers, leaders of traditional nonprofits, and innovators can learn and collaborate. Physical space that incubates innovation embodies new thinking, new systems, tools, programs and relationships within and around itself, along the lines of the Agro Business Park in Viborg. Places that foster innovation need to be readily and consistently available, accessible, and provide a rich set of resources, programs and support;
- Provision of Support services for Social Enterprises and alike. These may include the kinds of administrative, legal, operational, and marketing services fundamental to the successful operation of any enterprise. An innovative, social responsible city includes professionals who value change organizations, and, as a result, identify creative ways to lower barriers to needed services, making them affordable, accessible and up-to-date to meet the changing needs of social innovators.

- New approaches to innovation for cities and regions that cut across public, private and non-profit boundaries, including cross-social national pools to develop and test new approaches to issues like ambient assisted living or childcare. Social Responsible cities promote connections between social enterprises through networks and member organizations. Networks enable people and organizations to meet and stay connected around shared interests; member organizations, like professional organizations, are focused on a topic or discipline, and build resources and share collective knowledge with its members. Citizens and organizations need opportunities to increase connectivity around the topic of social innovation. Coalitions, affiliations, and cooperations also offer a variety of platforms for idea exchange, continued education, and network development.

As it will be seen in the next section, some INNOVA cities have already initiated this path, at least in some of the directions pointed above, while others are still at the stage of assessing the real dimension of the problem and considering alternatives.

But in all 10 cities it is clear that the Social Innovation measures leading to an enhancement of the “socially-driven” economy will be fundamental in addressing the unemployment problem.



## 4 – Field analysis of the challenges and opportunities faced by the cities – results from the city visits

The initial partnership of the INNOVA project grouped 5 cities, out of which 2 Spanish (Tomares and Santa Cruz de Tenerife), 2 Italian (Monza and Molfetta) and 1 Danish (Viborg). During the Development Phase, the city of Molfetta has withdrawn from the project due to internal reasons (a change in strategy orientation following the political shift in the city government following the May local elections in Italy), and has been replaced by a neighbor city with a very similar profile (Bisceglie). During the Development Phase, the following cities also joined the partnership in view of the Implementation Phase: Újbuda District (Hungary), Lodz (Poland), Seia (Portugal), Buckinghamshire county (United Kingdom) – represented by Buckinghamshire Business First - and the University of Bacau in Romania. While the original application of the INNOVA project expressed the intention to have 3 non-city partners for the Implementation Phase, it has finally been decided to limit it to 2 (Buckinghamshire Business First and University of Bacau), in both cases within a framework of close cooperation with Local Authorities.

The group appears as heterogeneous at first, but a closer look allows to identify several complementarities and synergy between cities: firstly, the common concern with the creation of jobs, especially qualified ones, which is number 1 priority in Spain and generally across Southern Europe, but a growing concern in all other European countries; secondly, a concern to maintain a high level of quality of life for its citizens in a sustainable way while coping with the need to cut down social budgets, which is at the core of the project.

**Tomares**, the lead partner, is a suburb town to the Andalusia capital of Seville, from which it is parted only 4 km. With 25.000 inhabitants Tomares, is the fast growing municipality in Spain (having multiplied its population 4 times in the '90s), resulting in a high density of population (4.379,23 inhabitants per m<sup>2</sup>) and of construction level (nearly 90% of the construction capacity achieved). In economic terms, the city shares the same problems faced all across Andalusia, with a very high unemployment rate of 27,95%, amongst the highest amongst all partners, which on its own justifies the leadership role assumed by Tomares in the INNOVA project. 85% of the local economy is on services, with predominance of micro-enterprises (less than 5 employees) that represent 91% of the total of companies. In face of such economy scenario, when aiming at creating jobs, the local emphasis is naturally on the service sectors, with a focus on infrastructure and on the emerging social responsibility model of economic development. In this field, Tomares has a pioneer position in Spain, as the City is developing the project "*Tomares, ciudad de empresas responsables*" (Tomares, city of responsible enterprises), which includes an important investment in infrastructures, with a total budget of 8.883.211 €, 70% funded by the ERDF. But with the decline of the construction sector, and related subsectors, which has been the catalyst of the local economy for years, it is absolutely vital to identify new sectors for growth. Within this angle, a sector can be of strategic importance for the city: the bio-agricultural sector. The sector of bio and organic agriculture has been strengthened

in Andalucía by the E. U. grants for organic agriculture, with ever-increasing numbers of registered organic exploitations. The area of land farmed organically has increased from just over 2,000 Has. in 1992 to 70,872 Has. in 2001. In the region there are also 120 agrobiotechnology research groups and a biocluster was recently created. As a result of these policies, Andalucía is presently one of the largest producers in Europe of bio and organic agro-food raw products, but the local levels of consumption and especially of added-value of processed products, remains low. Most of the processing (packaging, branding, distribution) is done in other countries, and a true opportunity for an integrated value chain in this sector is being considered by the City of Tomares, and ranks high amongst the priorities for the INNOVA project. In parallel the city needs to innovate in social policies in order to address the unemployment and reduce social budget, to cut with the overall budget cuts that are being imposed to all local administrations in Spain.

Apparently on opposite grounds, with only 6% of unemployment and a strong industrial sector (including the world leader in hydraulic pumps, Grundfos) is the city of **Viborg**. However Viborg shares most of the concerns with the city of Tomares and the other partners. If the official employment rates are low by European standards, it should be noted that 25% of active population (18-65 years of age) is under some sort of social schemes protection and not actively on the job market. Also the total number of jobs has decreased by 9% since 2008, when unemployment rate was only 1,5%. The Nordic countries are worldwide known for having carried the welfare state further than most other countries which is manifested in comparatively high levels of total public expenditures. But it is now widely accepted that, on the ground of phenomena as globalization and an ageing population, such a system is hardly sustainable in its present form. With the inevitable decline in welfare schemes, the “official” unemployment rates in most regions – such as Viborg - may rise considerably. As such, a social responsibility policy where part of the social costs now being taken care by public authorities and by the city in particular are transferred to private companies, is one of the city priorities. The city must look for new, innovative ways of accomplishing a social role of which the Animation Workshop is a good example. Viborg Municipality also has a strategic focus on the agro and bio sectors, and in particular on bioenergy, that are largely connected to Aarhus University Foulum and the science park Agro Business Park as well as companies in other businesses working with sustainable technologies and social corporate responsibility.

The city of **Monza** participation in INNOVA is largely leveraged on the University of Milan-Bicocca, which is participating through its sociology department (based in Monza) with a focus on the labor and employment market under the umbrella of the “Human Capital Observatory” a common project between the city and the university. As with Tomares and Viborg, also for Monza the emergence of economic models based on social responsibility and the role that these can play in the creation and maintenance of jobs is of the foremost importance. Monza is the third-largest city of Lombardy and the most important economic, industrial and administrative centre of the Brianza area, supporting amongst others a textile industry and a publishing trade. Monza, as all of Italy, also plays a key role in terms of bio and organic food. Italy is one of the European and world leaders in the organic market and in spite of the economic crisis and the reduced demand in the food division between 2007 and 2011, the sector is strong and continues to grow at a definitely important pace. According to data shown by the Ministry of Agricultural and Forest

Policies, Italian producers amount to 47,663 units (2.6% of farms) and to a surface of 1,113,742 hectares that correspond to 8.6% of the overall agricultural surface utilized, while Lombardy is also Italy's leading agricultural area. Monza is home to one of the most renowned institutes in this field, the Agrarian School of the Park of Monza.

**Santa Cruz de Tenerife**, the capital of Canary Islands largest island (Tenerife) is another city that while bearing quite unique characteristics – highlighted by its insular nature – faces many common challenges with the other partners. With over 227.000 inhabitants it one of the largest city in the partnership. The economy of Santa Cruz relies mainly on services. Trade, tourism, import-export, the seaport and the presence of the major political and financial institutions, as well as the most important companies, guarantee a solid economic activity and development. The building sector is relevant but has suffered immensely from the crisis, while industry, apart from the oil refinery and food processing, is minor. As a result unemployment is very high at 29,79% well above the national average (24,3%), and this is the top priority for the City administration. Within INNOVA Santa Cruz de Tenerife is mainly interested to open up and increase the efficiency of its public administration and to further develop its infrastructure to serve an innovation and knowledge economy, diversifying from the construction sector that has until know been the main pillar of the economy. Agriculture contributes less than 10% of the island's GDP, but its contribution is vital, as it also generates indirect benefits, by maintaining the rural appearance, and supporting Tenerifian cultural values. In particular the emergence of bio and organic agro clusters are important from a service and tourism perspective, and in view of a sustainable development path for the island.

**Bisceglie** in Apulia, Italy, will directly replace Molfetta, which due to a changing political administration could not continue the participation in the project. With nearly 60.000 inhabitants, Bisceglie is a relevant city in Apulia, and home to the events dedicated to small scale, organic and bio agriculture – a focus it shares with the other neighbor cities, together with the concerns with the growing unemployment and the need to ensure a sustainable quality of life to its citizens. Unemployment in 2011 has reached 10,7%, below that of Apulia (11,6%) but above the rate for Italy (8,9%). The city is located within an inlet along the Adriatic sea and boasts a well equipped touristic harbor, and picturesque beaches. The tourism sector is important but presently almost entirely focused on the seaside (in this sense there are common points with Tenerife). Heading inland, away from the sea, the countryside returns to a decidedly rural landscape and all signs of tourism disappear, the residential area thins out and an area with several prehistoric traces begins. Nearby the town there are many dolmen burial tombs that date back to Middle Bronze Age, which opens opportunities, currently unexploited, for tourism and cultural related jobs, under a social perspective (guides, keepers, etc.). At present, and besides tourism, Bisceglie bases its economy on agricultural products such as vegetables and fruits as well as on fishing trade, and wants to devote a growing attention to agro-tourism and to preservation of archaeological sites.

**Lodz** (Łódź in Polish) is the third-largest city in Poland and by far the largest city within the INNOVA partnership. Located in the central part of the country, it had a population of 742,387 in December 2009. It is the capital of Łódź Voivodeship, and is approximately 135 Km south-west of Warsaw. Before 1990, Łódź's economy focused on the textile industry,

which in the nineteenth century had developed in the city owing to the favorable chemical composition of its water. Because of the growth in this industry, the city has sometimes been called the "Polish Manchester". As a result, Łódź grew from a population of 13,000 in 1840 to over 500,000 in 1913. The textile industry declined dramatically in 1990 and 1991, and no major textile company survives in Łódź today – this has resulted in high unemployment rates, especially amongst older, non-qualified workers and women, which have difficulties in finding alternative jobs. As a result unemployment rose to nearly 30% in the 1990s, starting to decline with the wave of strong foreign investment in Poland, now being of 13,5%. There is still a relevant textile sector kept alive by small companies that still provide a significant output of textiles, mostly for export to Russia and other countries of the former Soviet Union. But recent years has seen in particular many foreign companies opening offices in Łódź - Indian IT company Infosys has one of its centres in Łódź, has have Gillette, Dell and other multinationals – a trend that slowed down with the emergence of the global economic crisis in 2009. Despite the fact that Łódź is regarded to be the poorest among Polish cities with population over 500,000, the GDP per capita in Łódź was 123,9% of Poland's average (2008). The main focus of Lodz within the INNOVA project will be in the issues of entrepreneurship and creation of new innovative clusters as ways to address the long standing unemployment rates.

**Buckinghamshire County**, in the United Kingdom, is a ceremonial and non-metropolitan home county in South East England. The county town is Aylesbury, the largest town in the ceremonial county is Milton Keynes and largest town in the non-metropolitan county is High Wycombe. The area under the control of Buckinghamshire County Council, or shire county, is divided into four districts—Aylesbury Vale, Chiltern, South Bucks and Wycombe. The Borough of Milton Keynes is a unitary authority and forms part of the county for various functions such as Lord Lieutenant but does not come under county council control. The ceremonial county, the area including Milton Keynes borough, borders Greater London (to the south east), Berkshire (to the south), Oxfordshire (to the west), Northamptonshire (to the north), Bedfordshire (to the north east) and Hertfordshire (to the east). Sections of the county closer to London are part of the Metropolitan Green Belt, which limits development. It is the location of the nationally important Pinewood Studios and Dorney Lake, which held the rowing events at the 2012 Summer Olympics. It is also well known for the new town of Milton Keynes and the Chiltern Hills area. In economic terms, more businesses start in Buckinghamshire than in any other county in the UK and it is home to many global, high technology companies like Johnson & Johnson, GE Healthcare and Instron. As a result, Buckinghamshire today has a modern service-based economy and is part of the Berkshire, Buckinghamshire and Oxfordshire NUTS-2 region, which was the seventh richest subregion in the European Union in 2002. As well as the highest GDP per capita outside Inner London, Buckinghamshire has the highest quality of life, the highest life expectancy and the best education results in the country. The southern part of the county is a prosperous section of the London commuter belt. The county has fertile agricultural lands, with many landed estates, especially those of the Rothschild banking family of England in the 19th century. Manufacturing industries include furniture-making (traditionally centred at High Wycombe), pharmaceuticals and agricultural processing. In spite of the good economical condition, unemployment while below the national figures - 8.2% in UK while the latest figure for Buckinghamshire is 6.3%, is a concern of the local authorities. Buckinghamshire will be represented in the INNOVA project by

Buckinghamshire Business First whose role is to provide the link between public policy and the business community in Buckinghamshire, to bring together the collective voice of Buckinghamshire's Businesses and to work with our partners to create a dynamic business environment (non-city partner).

**Seia**, in Portugal, is located in the western foothills of Estrela Mountain (Portugal largest mountainous system) in the Beira Alta Region (Centro). The council's economy is based on agriculture (producing potatoes, cereals, apples, pears and olive oil) and livestock and shepherd activity, which leads to the famous cheese "Queijo da Serra". The industry (mainly textile) also plays an important role, along with tourism. In fact, Seia is one of the main cities of the mountain, well prepared in terms of tourism accommodation within the city with several hotels and restaurants, and an interesting Bread Museum. But the unemployment rate is the highest within the region, and slightly higher than the national rate (close to 15%). In spite of this, some agricultural businesses suffer from a lack of human resources – it is the case with cheese producers that lack enough shepherds to keep the sheep. The city and region also suffer from a problem of abandoned soils, due to a gradual shift of population from agro to urban zones, for which social models of exploitation are being studied. There are also projects to improve the nature based tourism, in particular by an exploitation of currently abandoned forest shelters for this purpose, but exploitation models still need to be defined. For these reasons, the INNOVA project is a timely one for Seia, allowing the city council to scale-up its current planning process.

**Újbuda**, (which literally means "New Buda") is the 11th district of the Hungarian Capital city of Budapest and its most populous district with 137,426 inhabitants. Until the 1890s Újbuda's present territory was a field south to the historical town of Buda. Following the organization model of Hungary and of the Budapest region, Újbuda is an autonomous municipality with its own elected local government, and is within a Convergence region. As for other cities within the INNOVA partnership, unemployment and social pressure from a non-active population are amongst the most urging problems faced by Újbuda. This is indeed a pressing problem in the whole country as Hungary's labor force participation rate of 57 percent is one of the lowest in the Organization for Economic Cooperation and Development. Due to this, the municipality authorities have since a considerable time paid a great deal of attention to social aspects, and in particular to those related to an ageing population. Újbuda has the highest ratio of the population over 60 in the area of the capital, meaning that 40,000 local citizens belong to this layer of the society. This has been addressed through projects such as 'Újbuda 60+' that supports the improvement of the quality of life for the elderly in an organized way. Among other things, the 'Újbuda 60+' encourages free time activities, entertainment, cultural and public gatherings. One of the declared objectives of the professional leaders of the 'Újbuda 60+' program is to orient the aged over 60 towards an active participation in the life of the community and society thus only falling one step shorter of an active promotion of a "socially driven economy". In terms of sectors, Budapest is naturally a centre of services, most most of those are located in the Pest districts. But the city, and in particular the Buda districts still have an important manufacturing component. Budapest became Hungary's main industrial center in the late nineteenth century, first a center for food processing, then manufacturing agricultural machinery and automobiles. By 2008, more than 50 percent of Budapest's factory

employees work in metalworking and engineering, producing railroad equipment, buses, and river craft. The remainder work in textiles, electronics, chemicals, and in food processing, which is still a relevant sector.

The 10<sup>th</sup> partner is also a non-city partner, in the case the **University of Bacau** in Romania. Participation of non-city partners in the Implementation Phase was since the start one of the objectives of the INNOVA partnership, and this intention has been positively assessed by the Evaluation Assessment Panel in the Application for the Development Phase. Finally, and considering the re-focus of the project on Urban Policies and the great interest raised in City Councils, 2 non-city partner have been kept, and within the framework of a close cooperation with the Local Authorities. Bacau is the main city in Bacău County, Romania. As of 2011 census, it has a population of 133.460 making it the 15<sup>th</sup> largest city in Romania. The county of Bacău was one of the most industrialized regions in the communist period and it remained Moldavia's most important industrial center ever since, with two important oil refineries amongst other sectors. But over the recent years, due to industrial decline and to unstable social situation, Bacau has gained a bad reputation in terms of economy crimes, and a recent article in the UK's Daily Mail even states that "more than nine in ten cashpoint crimes committed in the UK are committed by Romanian gangs, with the majority from or connected to the Bacau region"<sup>11</sup>. The North-East Region of Romania (which includes Bacău County) also has the highest poverty rate among all the Romanian regions: 26.2% in 2010. This provides a picture of the social issues faced by the city and region. One of the main assets of the city is clearly its university, University "Vasile Alecsandri" of Bacău. The university is involved in promoting the educational reform, as a keystone for the social and economic sustainable development and committed to consolidate the link between the Educational sector and the local authorities, in the sense that the latter could benefit from the implication of the teachers and students in finding several solutions for the many social issues being faced.

In the following, a more detailed overview of each of cities and of the challenges and opportunities faced in the INNOVA project is presented, based on the city visits or conferences organized in between June and October 2012.

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<sup>11</sup> <http://www.dailymail.co.uk/news/article-2120049/Romanian-gangs-cashpoint-robberies-rake-30m-year.html>, March 2012

## 4.1 City of Tomares

### THE CITY AND ITS ECONOMIC CONTEXT:

Tomares, the lead partner, is a suburb town to the Andalusia capital of Seville, from which it is parted only 4 km. With 25.000 inhabitants Tomares, is the fast growing municipality in Spain (having multiplied its population 4 times in the '90s), resulting in a high density of population (4.379,23 inhabitants per m<sup>2</sup>) and of construction level (nearly 90% of the construction capacity achieved). In economic terms, the city shares the same problems faced all across Andalusia, with a very high unemployment rate of 27,95%, amongst the highest amongst all partners, which on its own justifies the leadership role assumed by Tomares in the INNOVA project. 85% of the local economy is on services, with predominance of micro-enterprises (less than 5 employees) that represent 91% of the total of companies. In face of such economy scenario, when aiming at creating jobs, the local emphasis is naturally on the service sectors, with a focus on infrastructure and on the emerging social responsibility model of economic development. In this field, Tomares has a pioneer position in Spain, as the City is developing the project "Tomares, ciudad de empresas responsables" (Tomares, city of responsible enterprises), which includes an important investment in infrastructures, with a total budget of 8.883.211 €, 70% funded by the ERDF. But with the decline of the construction sector, and related subsectors, which has been the catalyst of the local economy for years, it is absolutely vital to identify new sectors for growth.

### PROBLEMS AND CHALLENGES:

The main problems faced by the city of Tomares are:

- Loss of attractiveness as residential city due to pollution, mobility problems and shortage of building land: Tomares is a medium sized city, located in the metropolitan area of Seville (Andalusia region capital), with a traditional high prestige as city with a high quality of life, and thus long favored as residence by high purchase power classes working in nearby Seville . Its privileged location (just 4 km away from Seville busy centre) has been an advantage during a lot of years, leading to the construction of large residential areas. But Tomares has been a victim of its own success, and a sharp increase in population has brought also an important traffic saturation, which causes a high pollution and mobility problems. Furthermore nearly 90% of the construction capacity achieved, exhausting to the limit the growth model based on the construction sector in vogue until the end of the last decade. Because of this, Tomares is losing its prestige as residential city, so people and companies are now moving to neighboring cities, in search of the quality of life that Tomares has partly lost.

- In economic terms, Tomares is a good reflection of the overall Spanish economy following the sovereign debt crisis and the irreversible decline of its main economic sector, construction. In Tomares this is aggravated by the great economic dependency from this sector and the fact that currently, 90% of the land is built and housing investment has severely dropped, so it is not possible to continue growing as residential city. The construction sector has basically disappeared, which has caused a large increase in unemployment of unskilled workers. Also, the main source of local incomes was taxes and fees coming from construction sector, that funded the so the high quality public services provided by the City Council and which have now become unsustainable. The economic scenario for Tomares is therefore that of a perfect storm: an abrupt decline of its main economic sector causing unprecedented unemployment in parallel with a severe cut in social services and support.
- At present, here is no other strong business sector that may appear as an alternative to construction: because of the fact that Tomares has been a residential city and its proximity to the regional capital (so its citizens work in Seville), its business sector is mainly composed by micro-enterprises without major added-value and there is no specialized economic sector.
- Low involvement of the citizens in the city: most of them work and spend their leisure time out of the city and they don't really feel Tomares as "their city".

In order to face these problems, Tomares needs to address the following challenges:

- ✓ Improving the business attractiveness of the city, to enterprises and citizens alike, identifying new emerging sectors where to set up new enterprises and create sustainable and enduring jobs in a time of crisis and recession, appealing to the social conscience of companies, entrepreneurs and citizens;
- ✓ Develop a more efficient governance system, maintaining or expanding social support with less cost and promote the involvement of the private sector, civil society and citizens in the social and economic development of the city, resulting in an improved quality of life.
- ✓ In particular, find rapid innovative social solutions for the mass of unemployed coming from the construction sector within the present budget contraction scenario.

#### MAIN CURRENT POLICIES AND ACTIONS:

The city of Tomares is currently developing the following projects and actions:



1. INVESTMENT IN INFRASTRUCTURES: The City is developing the project “Tomares, ciudad de empresas responsables” (Tomares, city of responsible enterprises), which includes an important investment in infrastructures, with a total budget of 8 million €, 70% funded by ERDF and including the following actions:
  - Building of a media-library, to foster the use of ICT between citizens and enterprises, to promote social innovation, citizen participation and the creation of social networks.
  - Building and repairing of ways and roads, to improve mobility, reduce pollution and remove territorial imbalance between neighborhoods.
  - Implementation of smart traffic management systems.
  - Implementation of energy saving and efficiency systems in street lighting.
  - Creation of an advising enterprise service, to promote setting up sustainable and responsible enterprises and the implementations of social responsibility plans in enterprises and public bodies.
  - Promotion of the city as a reference pole of socially responsible enterprises.
  - Market research and methodologies for the implementation of new governance systems based on social responsibility.
2. SUSTAINABLE URBAN MOBILITY PLAN, whose main objective is to promote an urban mobility model, with more energy efficiency, sustainable transport systems and that minimizes the individual use of private cars.
3. REGENERATION BUILDING WORK OF THE HISTORICAL DOWNTOWN (through some national and local programmes, such as Plan 5000, Local Investment Fund and “Proteja Plan”, an Andalusian programme): road repairing, pedestrian walks, green areas and car parks.
4. PROFESSIONAL TRAINING PLAN (through the Employment Regional Ministry and ESF): focused on emerging technology-based sectors, such as audiovisual, micro-computing systems and television production sectors.

**SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:**

Tomares is a city for which the URBACT framework intervention is both timely and essential. It is a city which favored growth model over the last decade has exhausted and that absolutely needs to find a new, alternative model that provides a prompt solution to the problems inherited from the collapse of the previous model. Nowadays Tomares is involved in a phase of deep change and needs new strategies and a new overall strategic plan which offers innovative solutions for the present critical situation. In order to do so Tomares must on one hand built on its assets:

- A balanced economical and budgetary situation, in spite of the economic recession and budget cuts of the last years, which still allows for investment;
- An excellent level of infrastructure, which is being further reinforced by the investments being carried out within the project “Tomares, ciudad de empresas responsables”, namely in terms of ICT equipment, broadband access, accessibilities and transport;
- Its geographical location, close to a pole of attraction such as Seville, served by major road and train lines and within the triangle Seville – Cadiz – Malaga which is a source of natural resources and Europe’s largest production area for organic food;

On the other hand, Tomares must find new paths outside borders and in particular within INNOVA partner cities:

- It must look for new emerging sectors, with a growth and job creation potential even at times of crisis and recession and aligned with its natural resources, such as agro and in particular organic food and bioenergy, for which it must develop new support structures such as those in Viborg (Agro Business Park and Aarhus Foulom University);
- It must develop new measures to re-qualify and re-absorb in the labor market the lay-off workers from the construction sector, building and improving on the policies implemented in Buckinghamshire to mitigate the effect of the decline of the furniture and other traditional industries;
- It must innovative in terms of social policies and measures, in order to minimize the social and budgetary pressure from non-active population groups, such as senior citizens (such as in Újbuda), unemployed women (Lodz), youth (Monza) and immigrants (Bisceglie), among others.

The Local Action Plan of Tomares will focus on these priorities with a strong emphasis on the need to identify funding sources that allow new programmes and measures within the present economy contraction scenario. The strategies and actions included in the Local Action Plan will as such have the following objectives:

1. Generation of a new pole of specialized enterprises in the city, e.g. in the biofood sector: analyzing the main weakness and strengths of the city, learning from the experience of other cities and rising infrastructures investment;
2. Promote citizen participation and smart administration;
3. Creation of services to promote entrepreneurship, paying special attention to university youth;
4. Implementation of qualification and vocational training systems and improvement of the labour mobility;

Enterprises, social stakeholders, public bodies, citizens, employees, universities, research centers, professionals and representatives of high level administration will be involved in the Local Support Group. In particular it is foreseen the involvement of:

- Association of Employers from Tomares.
- Leader enterprises from the environment and technology sectors.
- Chamber of Commerce.
- Main Trade Unions in Spain: UGT and CCOO.
- City Council Trade Union.
- Association of neighbors.
- Association of women.
- Association of disabled people.
- University “Pablo Olavide”.
- Fundación para el Empleo y la Responsabilidad Social (Employment and Social Responsibility Foundation).
- Mancomunidad “Aljarafe” (Commonwealth of Municipalities).
- Diputación de Seville (Provincial Council in Seville).

## 4.2 City of Viborg

### THE CITY AND ITS ECONOMIC CONTEXT:

Viborg Municipality (94.000 citizens which makes it the 9th largest in Denmark) is located in the Central Denmark Region. The main city in Viborg Municipality is Viborg. Viborg is an educational city with 35.000 citizens. The city is a driver in the regional business development in the Central Denmark Region. The local business structure is dominated by sectors such as agriculture & food innovation, energy & environment, business services, public administration, manufacturing and production. The image of the business landscape in Viborg varies from heavy, traditional export oriented industry - including Grundfos, one of the world's leading pump manufacturers - to new innovative businesses within clean tech and animation and new media.

Over the last half decade, Viborg Municipality has experienced a decline in the growth pace. The number of companies and employees in the local businesses has declined and the unemployment rate has strongly increased (from 1.5% on the summer of 2008 when the unemployment rate was lowest to now around 5.6%). The total number of jobs has decreased from 53,500 in 2008 to 48,600 in 2011, a decline of approximately 9 % and across all sectors, but especially manufacturing, trade and public service. Furthermore, 25% of active population (18-65 years of age) is under some sort of social scheme protection and not actively on the job mark. The greatest part of unemployed consists of both unskilled as well as skilled labour with only few years of education. Therefore the city is challenged with the need for evolving more labour mobility and the need to lift the educational level for the unemployed and the workforce with only few years of education. Furthermore, Denmark is usually pictured as a nation with a lot of innovators but very few entrepreneurs, and it necessary to stimulate innovators in order to make them initiate start up businesses.

### PROBLEMS AND CHALLENGES:

As stated above, the main problems faced by Viborg have to do with the decline in employments and the too heavy burden in social costs supported by the City Council, due to a large share of active population which is out of the job market and benefiting from social protection schemes (the overall impact of these benefits in the city exceeding 20% of its year budget). Overall the main problems identified in Viborg are:

- A growing problem of unemployment due to the financial crisis, so there has been a decrease in job opportunities for especially people occupied in industry. The majority of the unemployed are unskilled or they have only few years of education. Furthermore there is an increase in the number of youths without any education or job. These groups would benefit either from the creation of new jobs or through business oriented education aimed at new jobs in emerging business sectors; in order to address this

problem, the main challenge is how to develop new jobs within green sectors (bio energy, agro technology, sustainable production e.g.), with ample growth potential;

- A low entrepreneurship rate, in spite of very high educational levels. The challenge to be faced is in particular to stimulate students to create new companies and newly educated academics' employment in new (and small) businesses;
- Too high social costs due to national and local social protection policies. The challenge here is to call for a greater intervention of the private sector and civil society, without jeopardizing the basis of welfare system, and in particular how can businesses though social clauses help young people getting jobs or to secure more sustainable business development;

#### POLICIES AND ACTIONS:

Viborg Municipality has, with local partners, started to draw up a common business policy that addresses existing and coming challenges. The policy is followed by an action plan describing specific measures that has at least a yearly evaluation. The INNOVA project will build on this process providing it with European scale.

Furthermore the Business Development Center (the business association) in Viborg, as well as the Municipality's job centre (unemployment agency) draws up yearly action plans as a way of being updated to challenges.

In Viborg Municipality there is a long tradition of cooperation between stakeholders in for example business development. In Viborg, we have created the "Dialogue Forum" as a forum where representatives of the Municipality meet and coordinate with our businesses association (the Business Development Center), the retail association, the tourism association and the education association. One of the results from this initiative is our common business policy. The INNOVA Local Support Group will build up on these initiatives.

#### SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:

The INNOVA project will provide European scale to a process of urban planning and development already in course within Viborg, in cooperation with the main local actors. The main focus will be on creation of jobs and a sectoral approach is favoured. Covering in particular the broad topics of Energy and Climate. Viborg Municipality has sound assets in sectors such as bioenergy, water, agro-technology, agriculture and production, through partners such as Aarhus University, Agro Business Park / Arsenalet and a solid industrial sector with both SME's and large companies within the designated areas.

But Viborg also needs to adapt to a growing unemployment figures and to re-consider its social protection practices, which place a high burden on the city budget. In order to do so it particularly values initiatives targeted to senior citizens (as in Újbuda) or entrepreneurship programmes (as those being promoted in Monza).



The main focus for the transnational activities and for the future Local Action Plan in Viborg will be on the creation of new or development of existing companies working in the addressed fields (bioenergy, water, agro-technology, agriculture and production) and the promotion of the translation of innovative ideas to business concepts.

More specifically Viborg wishes to focus on the challenge of getting highly educated to find jobs in existing business (and thus add these new competencies) or to establish their own business, through initiatives such as:

- unemployed graduates as business developers in cooperation with established companies;
- build bridges between unemployed / students and companies (contact-brokerage, matchmaking and student green house);
- mentoring schemes;

In terms of addressing a socially driven economy, Viborg's main focus will lie on issues such as:

- in which ways is it possible to use social clauses and public procurement to create as sustainable and socially oriented economy?
- is it possible to integrate a focus from "cradle to cradle" in terms of promoting a sustainable economy?

The main outcomes should be the development of policies promoting sustainable and socially responsible thinking and acting in terms of:

- Getting unemployed into job
- Identifying new areas of potential future growth

In Viborg, the Urbact Local Support Group met twice during the Development Phase: the first in late June, and the second on 26 September (during the 2nd network meeting) in presence of the Lead Expert. Confirmed participants are, in addition to the City Council: Viborg Business Development Center, Aarhus University Foulum, VIA University (BA educations – animators, educators and nurses), DANIA (Academy economists e.g.), Agro Business Park (incubator – green technology), Arsenalet (incubator – animation & new media), Jobcenter Viborg (public job placement center), VINSÅ (network for socially oriented companies) and Central Denmark Region while other possible attendees are Aalborg University and Naturvidenskaberne Hus (House of science).

### 4.3 City of Monza

#### THE CITY AND ITS ECONOMIC CONTEXT:

Monza is the third-largest city of Lombardy and the most important economic, industrial and administrative centre of the Brianza area. The city has approximately 121,000 inhabitants and spreads across an area of 33.03 km<sup>2</sup>. It is located in the Lombardy region some 15 km north of Milan on the Lambro River, a tributary of the Po River. The city is best-known for its Grand Prix but it is also an engine of the Italian economy. There are 58,500 companies - one company for every 13 inhabitants. These are mostly small and medium enterprises. The textile industry and a publishing trade are the most prominent sectors.

The main challenge for Monza and its region is to remain competitive on a longer term and be attractive for people and business, especially in the light of the current economic crisis. Issues such as 'liveability' and 'quality of life' are increasingly important within the city strategies, and these issues have been under pressure. Besides other social and economic problems, the city struggles with the adverse impacts of a large amount of traffic passing through the city. As a result, Monza is the most polluted city in Lombardy according to the study "Urban Ecosystem 2011" drawn up in collaboration with the newspaper "Il Sole 24 ore". Challenges relating to the improvement of quality of life need to be seen in the context of the transformation of an industrial city towards a service-oriented city, even though industrial activities are still an important economic sector of Monza and Brianza's economy. The strong economic growth of Monza and all of Milan's metropolitan area in the last decades has caused significant problems such as a lack of available land for new developments and negative externalities of growth such as pollution, congestion and a lack of affordable housing. The coming years Monza needs to face these challenges in order to remain competitive on the longer term, while addressing also the issue of rising employment and the need to absorb an important immigration population.

#### PROBLEMS AND CHALLENGES:

Unemployment has become number 1 problem in the City of Monza over the last few years, has it as very much happened all across Europe. The loss of jobs in the whole of Brianza region has assumed alarming proportions in recent years and involves different types of users who require intervention and support: young people leaving early from the system of education and training, women, adults with low education, immigrants. The level of education and training in the region and in the context of Monza and Brianza area is still inadequate compared to European standards and record dispersal rates and dropout unfortunately still high.

Other major problems faced in Monza are:



- A decline from the manufacturing sector which has failed to be compensated by new, emerging sectors.. According to the 2011 figures from the Research Department of the Chamber of Commerce and the Office of Monza and Brianza, turnover, production and orders in the manufacturing sector closed in negative in 2011, confirming a trend from the last years and putting additional pressure on employment;
- An ageing population, as a result from several factors in particular a steady decline in birth rates and an overall increase in life expectancy. Monza's population is unquestionably getting older as revealed by the average age of residents, which increased nearly four years (from 40.5 to 44.4) between 2003 and 2010. The population above 65 years of age has steadily increased since 1993, when it was 15%, to reach 22.8% of the resident population in 2010. Of these 27% are over-80 years old, that percentage has increased since 2002 (was 21.5%). Among the factors which impact negatively on this field are the continued rise of component families (single), which went from 24.6% in 1993 to 33% in 2010 and the decrease of women of childbearing age: in 1993 there were 30,779, 26,857 in 2010. The birth rate was only 1,082 in 2010. Also an increase in divorce and a growing number of single immigrants contributes to this result. This cause of course further social pressure on the city welfare systems and on the local economy.
- A large and still growing immigrant community even if increased touched by unemployment and social problems. In the city of Monza, the regular immigrants are 13.238 (over 10% of total population), with 121 different nationalities. The unemployment rate within immigrants grew from 13% in 2009 to 16% in 2010. According to the body chamber Monza - Lombardy "an immigrant does have a risk rate of unemployment higher than 20% more than an Italian." This will lead to social problems as regular employment is a necessary condition to obtain a residence permit.
- A quality of life hampered by high levels of pollution, huge traffic and a decrease in social and cultural public policies.

#### POLICIES AND ACTIONS:

One of the main priorities in recent local policies has been to strengthen the human capital resources, considering Human Capital as the strategic factor of production that improves the performance of companies, increasing its competitiveness. The high labour mobility means that the success of workers in the market depends increasingly on their "employability", and therefore the quality and the adequacy of investment in human capital made during the work process.

In this field, the town of Monza carried two important research studies:

- THE DYNAMICS OF HUMAN CAPITAL manufacturing industry, 2010.
- Human Capabilities and Business Development, 2011.

The studies are conducive to the implementation of a permanent observatory of human capital, to compare information at international level. The creation of an observatory on the dynamics of human capital meets a need for the "enterprise system" of the region to acquire an instrument of cooperative nature designed to meet the information needs generated by crisis situations such as development of its activities, with the aim of reducing the shadow areas of the labor market.

Furthermore, the city of Monza is currently developing some actions to strengthen the businesses and employment:

– Grants for SMEs in Lombardy, through the European Investment Bank: with this initiative, the Lombardy Region and Finlombarda SpA, are intended to support micro, small and medium enterprises operating in Lombardy funding the working capital requirements related business expansion by providing, in partnership with the banking system, funding unsecured.

– Project START: a culture of entrepreneurship and support for start-up. The main objective is stimulating the creation and development of new businesses through the development of a comprehensive system of services that aids the individual needs of start-up business: from the moment of conception of the idea until the first business management and has as its central focus on the investment "business entity" through the transfer of knowledge and skills needed by managers of micro-businesses. The free services provided are: guidance, education, personal assistance (advice for writing a Business Plan), economic aid -grants- for newly established enterprises, employment support, tutoring, mentoring and management coaching for the first 24 months of life of the company. Particular attention will be given to young people under 35 years.

– "Bando Occupazione": The Chamber of Commerce of Monza and Brianza is developing a extraordinary intervention intended to promote employment in micro, small and medium enterprises headquartered in the Region.

– The new initiative to promote a local occupation system for young people of Monza and Brianza. This action (through S.L.O. MB and Nuvola Verde projects) directly targets the pressing problem of youth unemployment and targets the following areas:

- Creation of a stable partnership and collaboration system between local actors that concur to product, define, regulate and promote the employment conditions of young people in Monza;
- Creation of a single territorial tool for the recognition of vocational competences gained in informal ways (volunteering, sports associations, educative agencies, civil service, european programmes, etc...).
- Integration and coordination ("one stop desk" concept) of the different "bridge" services between training and job (training, alternation school-job, job grants, "Dote Comune", National Civil Service, EVS, apprenticeship, job interviews simulation/CV writing, competence balance, etc...) and strengthening of the tool of "Placement/job 20" on line.

- Integration and coordination (“one stop desk”) of the different support services for company creation and an unit plan of the education of an entrepreneurial culture.
- Planning and promotion of European opportunities (study, training, volunteering and job, including Erasmus, Erasmus for Entrepreneurs, Youth in Action, etc.) for Monza’s young people.

Monza also has an important tradition in terms of participative Urban planning which will be further developed within the INNOVA project. The city has recently launched its Urban Centre for the Promotion and Development of Civic Awareness, Development and Aarticipation. An important component of this centre is "E-GOCS" project, which will carry out an experiment in "e-democracy" utilising ICTs with the active participation of children and youth for (a) redevelopment proposals for a large, centrally located dismissed industrial site, and (b) a city-wide dialogue regarding the time management (a "Time Plan") of the city's services and spaces most suitable to children's and young people's requirements, to be subsequently applied for the entire population.

Monza can share the results of these initiatives with the other partners, and also its model of analysis of human capital to tackle the crisis on employment with a specific focus in the most affected areas (manufacturing and construction). It proposes and introduces an example of developing innovative procedures for communication between businesses, schools and the various parties involved in the process of training potential employees.

On the other side Monza is eager to learn further about entrepreneurship and qualification initiatives (as in Buckinghamshire), actions towards an active engagement of an ageing population (Újbuda), education and research support infrastructures towards new emerging sectors (Viborg) or sustainability initiatives at local government level (Tomares), among others.

#### SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:

The research already carried out in Monza showed that the labor market is increasingly dynamic and the continuous modification of the global economic scenario. The main objective of the Local Action Plan could be to develop an innovative model of analysis and evaluation of human capital that will be able to design effective courses of training / retraining for a real employability, in both the “mainstream” and on a “socially-driven economy”.

There is an obvious synergy between some of the actions currently being implemented or planned at local level and the preliminary areas of actuation of the project, in particular:

- The need to complement measures to support entrepreneurship with the caption of venture capital, public or private, and to extend them to targets beyond the conventional ones, including also socially disadvantaged groups (social entrepreneurship);
- The need to focus on new and emerging sectors to promote employment and reconversion of workers, including those with a social dimension, such as biofood, bioenergy and others, profiting also from the scale and visibility factor brought by the forthcoming Universal Exhibition to be organized in Milan in 2015 under the theme "Feeding the Planet, Energy for Life"; In this sense it has been decided to organize the INNOVA final conference of the Implementation Phase in Monza on April 2015 to coincide with the start of the Universal Exhibition;

Within the INNOVA project, a particular emphasis will be placed by the City of Monza in the areas of Social Reconversion of Workers and also Social Entrepreneurship, profiting from the synergy with on-going projects and aiming at scaling them up. Possible areas for the future Local Action Plan can as such include:

- The promotion of employment and entrepreneurship through the development of a integrated strategy of promotion of sustainable and socially responsible sectors and services;
- Develop local business support and infrastructure programmes to support the creation, development and expansion of firms and organizations within the addressed sectors;
- Develop local programmes and initiatives to further train, qualify and certify the labor force for the sectors and services to be addressed.

As regards the Local Support Group, the main involved stakeholders will be: Università di Milano and Monza, Monza Chamber of Commerce, Industrial Association, some high schools and a vocational training center.

## 4.4 City of Santa Cruz de Tenerife

### THE CITY AND ITS ECONOMIC CONTEXT:

Santa Cruz de Tenerife is one of the largest cities within the INNOVA network. According to official statistics office data from 2011, the island of Tenerife has the largest population of the seven Canary Islands and is the most populated island of Spain with 908,555 registered inhabitants, of whom about 25% (over 227,000) live in the capital, Santa Cruz de Tenerife, and nearly 50% (424,200) in the metropolitan area of Santa Cruz – La Laguna. Santa Cruz de Tenerife and the city of San Cristóbal de La Laguna are physically one urban area, so that together they have a population of over 382,000 inhabitants. The economy of Santa Cruz relies mainly on services. Trade, tourism, import-export, the seaport and the presence of the major political and financial institutions, as well as the most important companies, guarantee a solid economic activity and development.

Even though Tenerife's economy is highly specialized in the service sector, which makes 78% of its total production capacity, the importance of the rest of the economic sectors is key to its production development. Commerce in Tenerife plays a significant role in the economy which is enhanced by tourism, representing almost 20% of the GDP, with the commercial center Santa Cruz generating most of the earnings. Although there are a diversity of industrial estates that exist on the island, the most important industrial activity is petroleum, representing 10% of the island's GDP, again largely due to the capital Santa Cruz with its refinery. Also the primary sector, which only represents 1.98% of the total product, groups activities that are important to the sustainable development of the island's economy. The energy sector which contributes 2.85% has a primary role in the development of renewable energy sources. The industrial sector which shares in 5.80% is a growing activity in the island, vis-a-vis the new possibilities created by technological advances. Finally, the construction sector has always – together with tourism, which is more prevalent in the south of the island – been the core sector of local economy but has suffered immensely from the crisis that has taken the entire sector across Spain. As a result unemployment is very high at 29,79% (2011 figures) well above the national average (24,3%), and this is now the absolute top priority for the City administration.

### PROBLEMS AND CHALLENGES :

Santa Cruz de Tenerife is amidst severe structural change. Its role as a traditional administrative and retail centre is being heavily challenged by malls and the development in the tourist centres of the island. The decline of the port is another threat for the near future, since there is a major port development in the south of the island.

The severe economic crisis, unprecedented unemployment rates, and the near complete disaster in the construction sector are other challenges that need a strategic and comprehensive approach at a coordinated scale, as it can be done under URBACT.

The main problems and challenges can be resumed as follows:

- An unprecedented unemployment rate which in 2012 has surpassed 30%. The unemployment rate in Canarias reached 32.28% in April 2012 according to figures released by the National Statistics Institute. The rate means that 362,300 people in the Canaries are out of work, an increase of 20,400 in the first quarter of 2012. Only Ceuta and Andalucía have higher unemployment in Spain, with rates of 35.51% and 33.17% respectively, considerably more than the national average of 24.44%. In Santa Cruz de Tenerife the rate has reached 30.75 %. The most worrying are the social effects of this rise in unemployment, as statistics from June last year showed that 40% of the unemployed in the Canaries were beyond the end of their unemployment benefit and therefore without any means of financial assistance whatsoever. This unprecedented problem – mainly caused by the collapse of a sector (construction) for which no quick recovery is to be foreseen - calls for an innovative approach as proposed in the INNOVA project;
- The ratio of Santa Cruz's population to the total population of its island and to the total of the Canary Islands has been decreasing. The same tendencies affect both the number of persons who pay the revenue tax and therefore the fiscal revenues generated by it, a trend which is being amplified by unemployment and also by an ageing population. All these factors contribute to increase the budget pressure on the local city government and the social issues, and call for a new social model;
- The Trans European Transport Network process which at present excludes Tenerife which may compromise the competitiveness of its commerce and tourism industries and further increase the social pressure;
- The need to coordinate a new and enhanced local response to the many social problems arising from the crisis, with less public expenditure;
- The need to re-assess the tourism strategies, promoting the development of a more social and sustainable tourism model, for which an application to the World Biosphere Reserve classification of UNESCO has been made as a first step;

#### POLICIES AND ACTIONS:

In face of the challenges faced, Santa Cruz de Tenerife is amidst severe structural change, and is in particular in the process of launching a new urban master plan, which will both feed and benefit the participation of the city of Santa Cruz in the INNOVA network.

In parallel, the island and regional authorities are about to make heavy, multi-million investments in the development of the island's first science and technology park in a Santa Cruz location and the city is about to launch several initiatives for the modernization of the retail sector, and the re-activation of tourism and leisure activities.

The INNOVA project is an excellent opportunity for Santa Cruz to perform an ambitious work of integration of the EU and national strategic framework and the regional Urban Development Strategies (urban master plan and municipal strategy plan) using the INNOVA approach.

Some of the areas currently being addressed or planned at local level and that include an obvious synergy with the areas of actuation of the INNOVA project, are:

- The emergence of the sectors of tourism, culture and recreation as those with the largest potential for employment creation within the next years, as already confirmed by the trends of the last years;
- The need to enrich and extend the offer within these sectors and to conciliate them with sustainability issues, including through the promotion of an “experience-based tourism”, the promotion of local products and brands (with an incidence in organic / bio products) and a quality increase in the city offer of services;
- The pending application of the city of Tenerife to the World Biosphere Reserve classification of UNESCO, and the tourism potential it encompasses;
- The planned initiatives in terms of infrastructure (Economic zone “Cuevas Blancas”, the Science and Technology Park, wifi zones) and business support (within the “Support to clusters” and “Santa Cruz Activa” programmes and in particular the measures “Club de Empresas / Companies’ Club” and “Laboratorio de Emprendimiento / Entrepreneurial Lab”);

Santa Cruz can benefit from the INNOVA network in order to better study good practices in the above areas, such as in sustainable tourism development (Seia), infrastructure development (Viborg and Buckinghamshire) or entrepreneurial and qualification programmes (Monza).

#### SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:

The focus of Santa Cruz will be in the revamping of the economy and the enhancement of social protection schemes, addressing new and more sustainable and social responsible development models. The city will in particular seek to promote employment and entrepreneurship through the development of a sustainable and socially responsible promotion of the tourism / commerce / cultural /recreation sectors, aimed at increasing the city commerce and services offer and attracting further tourists and visitors to the city (including the cruise market and tourists lodged in the South of the Island).

As such the focus of the transnational activities and of the future Local Action Plan of Santa Cruz de Tenerife will be placed on the following lines of intervention:

- Enhancing organic / bio / agrofood clusters and firms focused on the production of local and unique products and goods capable of being distributed in the city and its municipality commerce and (possibly) of exporting;
- Developing local brands and promotion campaigns linked to unique local products and goods, including – but not limited to – organic / bio products;
- Promote ICT tools as transparency and participation enablers for the local government;
- Promote the modernization and innovation amongst the local offer of commerce, cultural and recreation services, in order to appeal to new, more demanding, target audiences;
- Promote the development of a “experience-based” and “sustainable” tourism, linked to local production and natural environmental context, that may enrich and diversify the current offer in terms of tourism (too much based on the traditional “sea & sun” model), profiting also from the (pending) classification of the Island as World Biosphere Reserve by UNESCO;
- Develop local business support and infrastructure programmes to support the creation, development and expansion of firms and organizations within the addressed sectors (organic / bio food, tourism, culture and recreation) among others;
- Develop local programmes and initiatives to further train, qualify and certify the labor force for the sectors and services to be addressed.

In terms of Local Support Group, the following organizations will be involved as a minimum: Cabildo Insular de Tenerife, Sociedad de Desarrollo de Santa Cruz de Tenerife Chamber of Commerce of Santa Cruz de Tenerife, Port Authority of SC, Consorcio Zona ZEC, Universidad de la Laguna.



## 4.5 City of Bisceglie

### THE CITY AND ITS ECONOMIC CONTEXT:

The Municipality of Bisceglie is the third biggest city in its Province for number of inhabitants (54.847) and the city most densely populated (800,9 inhab./km<sup>2</sup>). It is also the third municipality with the highest average per capita income (€ 7.054,00).

One of the leading sector of the economy is the agriculture and in particular the cultivation of cereals, wheat, vegetables, various kinds of grapes, olives, citrus and other fruits. Developed industries are textiles and clothing, flanked by companies operating in the food sectors (including dairy and the preservation of fruit and vegetables), construction, metals, wood, building materials (including glass), fishing and fish farming, production and distribution of gas and electricity. School facilities allow attending classes and compulsory vocational schools including industrial and commercial, a technical institute and a commercial and scientific high school. An important aspect of the local economy of Bisceglie in recent years, has certainly been the tourism in all the different facets (sea, history, culture, entertainment, wine and food). In this context of expansion, considerable importance was the birth of several consortia of local private players, whose main objective was to publicize the area of Bisceglie throughout the country through participation in synergy with the local administration, in fairs and exhibitions specializing in tourism and therefore the inclusion in tourist catalogs.

Unemployment is above national figures, with 10,7% unemployment in Bisceglie against 8,9% in Italy (2011). The figure has been relatively stable over the last years. Agriculture, after a setback in 2004 with 160 jobs less than in the previous period, indicates a steady increase in both 2009 and 2010. A similar situation is provided by the industry, where 2004 is the year with the worst record, but the time span from 2002 to 2010 recorded an overall increase of 538 jobs. The services sector, which have become important sector of the local economy, have changed very interesting: a peak of resources used from 2002-2004, a decline in 2009 and a leap forward in 2010 with a total of 13,122 jobs.

### PROBLEMS AND CHALLENGES:

With an overall figure above 10%, unemployment is still the problem number 1 in Bisceglie as it is all across Apulia, and the involvement of the city in INNOVA is a direct reply to this concern. While the dimension of the problem is of a lesser scale as in other countries, the social effects of the problem are increasingly felt across the city and the budget restrictions applied to all Italian municipalities force to find alternative – and innovative solutions.

Other problems and challenges felt in Bisceglie are resumed in the table next:

CHALLENGES	PROBLEMS
<ul style="list-style-type: none"> <li>• Tourism potential- especially in rural, cultural, sustainable tourism – still largely unexploited and with growth potential</li> </ul>	<ul style="list-style-type: none"> <li>• economic recession, budgetary constraints</li> </ul>
<ul style="list-style-type: none"> <li>• Linkage between costs and agricultural land with a view to seasonal adjustment of tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Emigration of youth with high technical-professional competencies</li> </ul>
<ul style="list-style-type: none"> <li>• Valorization of typical products to penetrate the global markets, especially under the bio/organic food sector</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of planning of the industrial district</li> </ul>
<ul style="list-style-type: none"> <li>• Consolidation of commercial urban commerce with high-quality and comfort standards, as a response to the pattern of shopping malls</li> </ul>	<ul style="list-style-type: none"> <li>• Competition from foreign products at low cost</li> </ul>
<ul style="list-style-type: none"> <li>• Strategies for wide-area relationships and collaborations with other European and non-European to accompany the expansion and consolidation of local production</li> </ul>	<ul style="list-style-type: none"> <li>• Delocalization of production</li> </ul>
<ul style="list-style-type: none"> <li>• Demographic trend, so far positive but with an increasing ageing population (+ 65 went from 14,8% of population in 2002 to 16,3% in 2011)</li> </ul>	<ul style="list-style-type: none"> <li>• Social pressure from growing unemployment, immigration</li> </ul>

### POLICIES AND ACTIONS:

In the 2007-2013 EU funds programming policy, the city is included within the Common Objective "Convergence" (which succeeds the previous Objective 1 programming 2000-2006). The city of Bisceglie has been using the available structural funds to enhance its rich environmental, historical and architectural features, making them become an instrument of socio-economic development.

The on-going strategies set as a vision a city that faces agriculture, tourism, small and medium-sized enterprises in manufacturing, commerce and services, as the levers of economic and employment growth. A city attentive to young people, but that protects children and supports the elderly as a resource-oriented social inclusion of vulnerable groups in a logical recovery and prevention rather than mere assistance. A city with

services, spaces and public facilities, the result of urban design quality and wide-ranging. A city that assumes the old town and its port as an expression of its identity and so intimate as carriers and characterizing its growth path.

The main mission for the Local Administration is to be the driving force of the growth, development and promotion of the territory of the Community established, ensuring maximum attention and rationality in the use of public resources at every opportunity of obtaining external funding.

In order to do so the City of Bisceglie can in particular benefit from the experience of other Partner Cities in areas such as attraction of foreign investment (Lodz), support infrastructures to research and innovation, namely in the agro-food sector (Viborg), sustainable and rural tourism (Seia) or qualification of workers (Buckinghamshire).

#### SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:

The priorities for the City of Bisceglie under the INNOVA network fall within the general priorities defined for the region of Apulia.

As such the transnational activities and the focus of intervention for the future Local Action Plan of Bisceglie will be along the following lines:

- Promotion of the sustainable and efficient use of natural resources, guaranteeing environmental sustainability and adequate levels of environmental services for the public and for the enterprises. Special attention will be paid to optimizing an integrated cycle of water and waste resources, as well as prevention of soil erosion, and promotion of organic and bio techniques for the agrofood sector, as well as consideration of bioenergy sources;
- Promoting a socially-driven economy, namely by creating new enterprises in the social care and health sectors that can contribute to guarantee wellbeing and safety of the region's inhabitants and generally to improve conditions affecting development, as well as create employment. Regional priorities will therefore be focused on a) strengthening social and health infrastructure networks and improving accessibility to services in urban areas and other areas b) increasing care services to individuals and families;
- Integrating environment and cultural policies and the tourism industry, with a priority to focus on innovative projects aimed at raising regional competitiveness by directing those working in the tourism industry towards product and market niches with the greatest value added; the aim being to attract more foreign tourists to the area and to encourage out-of-season tourism. The emphasis will be on promoting an integrated image of Bisceglie in terms of hospitality and the quality of services offered. In promoting new forms of tourism, the regional strategy will focus on promoting the environment, the ecosystem and biodiversity.
- Increase the capacity of administrations involved in programming and management of ERDF funds and in strengthening the involvement of the economic and social partners.

The Local Support Groups will involve as a minimum organizations such as Ascom Confcommercio Bisceglie, COFINDUSTRIA (Bari), ISTITUTO PROFESSIONALE PER L'INDUSTRIA E ARTIGIANATO di Bisceglie, ISTITUTO PROFESSIONALE STATALE PER I SERVIZI COMMERCIALI E TURISTICI.

## 4.6 City of Łódź

### THE CITY AND ITS ECONOMIC CONTEXT:

The City of Łódź is situated in the very centre of Poland. Łódź is currently the third largest city in Poland and along with neighbouring cities and municipalities, Łódź agglomeration creates a population of more than one million inhabitants. It is a dynamic academic (aprox. 120,000 students) and research centre, but also a cultural centre with several artistic universities and the famous Museum of Art.

In view of socio-economic collapse of the Eastern market in the early nineties of the twentieth century, Łódź has entered a phase of deep structural crisis. The collapse of the textile industry, which was the pillar source of development of the city, became the cause of its collapse, and the lack of governmental protective measures for the textile industry hampered the necessary transformation processes. For many years, Łódź was the only major city in Poland, where unemployment was higher than in the region and country. The city had significant growth potential, but it was not sufficiently utilized, and opportunities perceived transformation of economic structure. Łódź authorities undertake many actions in order to improve the city attractiveness- develop the airport, invest in new roads and quality of railway infrastructure. As a result, and profiting from the wave for foreign investments in the promising Polish market, Łódź moved right to the top of attractiveness ratings. It became a place of interest for such powerful companies as: Infosys, BSH, Gillette, Fujitsu Services, Hutchinson and other Household equipment manufacturers as well as finance and accounting centers of well known companies. Unemployment was reduced from the 30% levels of the 90's, but it started rising again over the latest years now approaching 15%.

Łódź also constitutes a good example of advanced revitalization processes with Europe's famous Manufaktura among many. Nowadays the biggest challenges for the city are the promotion of employment and is the revitalization process of the area in the middle center of the city (circa 100 ha) which is to become a New Centre of Łódź in context of social, economic and cultural issues with impact on the whole region.

### PROBLEMS AND CHALLENGES:

Łódź faces several problems that are common to other similar scale cities in Eastern countries, as well as some specific problems anchored on its past. The most significant within the framework of the INNOVA project are listed below:

- a significant deformation of the demographic structure, faster aging and depopulation,
- high level of unemployment, including structural and long-term one (approaching 15% in 2012);

- lower income of the city residents and the city budget than in the comparable cities, lower level of wages of skilled professional staff that is crucial for economic success;
- noticeably lower quality of life in comparison to other cities of a similar size, increasing the areas of inherited poverty and exclusion;
- large dependence of the city's development, especially job creation, on the external investment;
- insufficient incentives from the City for the development of SMEs and investments in Lodz;
- lack of free and structured investment areas within the City and the information base;
- small amount of business and supra-local organizations, the outflow of well-known brands from Lodz;
- in comparison to other cities, lower absorption of aid;
- a low degree of social participation;
- the primary education system does not counteract the processes of social exclusion;
- lower level of education of the population than in the competing cities; mismatch of profile of education and needs of the agglomerate labour market;
- outflow of skilled workers to the cities and municipalities that offer better living conditions, uncontrolled melting down of the City;
- inadequate level of research work and lack of cooperation between universities and local business.

But Łódź also presents relevant assets in order to face the main challenges presented to the city by the current economic situation and by the INNOVA project:

- competitive costs of starting new businesses, and a relation of wage levels to staff competence and education beneficial for investors, in all fields, including social areas;
- relatively low real estate prices surrounding agglomeration possessing free investment areas for new emerging sectors and a post-industrial heritage - unique architecture and urban layout and attractive urban green and recreational spaces for new projects and initiatives;
- a developing modern and innovative industry, including textile and clothing (especially SMEs), health sector (chemicals and pharmaceuticals), logistics, household goods, BPO, a base for creative industries,
- efficient and experienced business personnel,
- numerous public and private universities,
- changes in the direction of quality and flexible learning model, adopted by the Lodz schools and universities, open to new models and businesses;

- the increasing mobility of Polish citizens stimulating demand for metropolitan services of Lodz.

#### POLICIES AND ACTIONS:

The City has gone through a recent change in political management and is currently developing a new strategic plan therefore the INNOVA activities are both timely and relevant. The city has been very successful in capturing foreign investment to compensate the decline of the traditional sectors, and in particular the textile sector, which has been the pillar of its economic activity for almost one century. But several social issues remain, such as a relative low level of education (and qualifications) of the society of the region and growing disproportions in the access to education and increasing long-term unemployment and unemployment among people with higher education.

The new strategic planning intends to address these issues. This new strategy (Łódź Integrated Development Strategy 2020+) has identified as main challenges for the city: Improve the quality of life of the inhabitants, Reverse the downward demographic trend, Develop a sustainable transport network in Łódź and the agglomeration of Łódź, Strengthen social bonds and civic participation in the local community, Ensure efficient management of the City and Regenerate urban space. While INNOVA, as a broad range project, could contribute towards all of these challenges, it clearly fits completely within the goal of “strengthen social bonds and civic participation in the local community”. Within this broad line an envisaged field of activities is “Learning Łódź”, aiming to create an important academic and research and development centre to educate staff for investors in innovative industries of crucial importance for the development of the city, as well as support vocational education and constantly increase the talent pool in the city. Specific planned activities in this area include the “Youth in Lodz” project with the goals to encourage young people to choose Lodz for studying, working and living, deliver local employers and potential investors high-quality human resources and building the image of the City as an attractive venue for professional development. It is therefore expected that INNOVA activities and the future Local Action Plan will very much fall within this concrete priority, while certainly touching other strategic areas of economic and sustainable development.

The city has a good background experience of participating in European collaboration projects, and has developed activities and produced results of relevance for INNOVA. In particular, the following themes have been presented:

- Social projects aimed at fostering entrepreneurship, professional activity or job skills in particular within workers affected by the strong decline of the local textile industry (mainly women) – these areas can be further addressed within INNOVA, with a greater focus on socially responsible and sustainable sectors. The city also has experience of transnational cooperation at this level, having carried out a project for the transfer of methods with the Job Centre in Aarhus.
- Projects (namely within Central Europe Interreg collaboration) aimed at facing the increasing demand of innovative and highly qualified workers (High Potentials);

Below are listed the main initiatives (scholarships, trainings, programmes supporting students in their career) aimed at strengthening the cooperation between academic and business sector in order to adjust the educational offer to the requirements of employers:

- To ensure wide access to well-educated human resources, the City's authorities, universities and employers of Łódź cooperate also under the now four-year-long programme titled *"Young People in Łódź"*. The Programme received the "Excellent City 2010" award from the "Twój Styl" fashion magazine and the event was awarded the title of "Event of the Year 2010" from the "Aktivist" magazine;
- *"City Scholarship Programme"*. The purpose of which is to create conditions for conducting fields of study relevant to the development of Lodz.
- *"Youth in Lodz – Meet Local Employers!"* initiative giving the possibility of visiting the local employers.
- *Foreign Language Development* initiative (funding language courses including the most sought by employers: Croatian, Czech, Danish, Finnish, Dutch, Norwegian, Portuguese);
- Freedom for student initiative (film competition).
- Moreover, the city also supports young entrepreneurs in launching their first businesses.

Some of this initiatives bear very relevant synergy with initiatives in Partner Cities in INNOVA which can and will be further explored within the project. It is the case of the "Freedom for student initiative (film competition)" with the "Animation Workshop" in Viborg, the entrepreneurship activities with those being carried in Monza and the activities especially targeted towards young graduates to the measures being developed in Tomares.

#### SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:

The participation of Łódź in the INNOVA project will aim to pursue and add European scale to the actions initiated within the scope of Łódź Integrated Development Strategy 2020+. In particular the city aims to address unemployment and social problems and is committed to supporting the area of employment policy in the city by engaging in active collaboration establishing active cooperation with organizational units of the Partner Cities/local employment office). At local level, the City of Łódź will foster activities related to creation of cooperation platform for the city office, investors, social organizations and universities, among others.



Within the INNOVA project activities the City of Lodz will be mainly focused in the following issues:

- addressing social issues such as the lowest participation of the local community and its involvement in the affairs of their City, the reluctance of the population of Lodz towards the local politics, the poor involvement in civic life in the city and the lack of perception of the city as a common good;
- improving the municipal system supporting activities concerning the far-reaching social participation, cooperation with NGOs, organization of activities for seniors, and untapping the potential of existing Lodz civil society building tools, among others the auxiliary units and the city gates;
- foster the development of innovative centres, performing the functions of civic activity incubators (activity centres, centres of co-operation between self-government organizations, citizens' initiatives, centres for public consultation) and improve the exchange and dissemination of information concerning the opportunities to organize various forms social activities, web database of NGOs, charitable organizations, volunteering.
- consider events to promote the need for greater involvement of communities in the affairs of the city and the local government.
- develop a qualifications and training system adjusted to the requirements of – new and traditional - employers from the city and region;

The Local Support Group will consists of the representatives from the Lodz City Office (Strategy of the City Office, Investors relation Office, Entrepreneurship and Jobs Development Office), Technical University of Lodz, University of Lodz, local employment office, Municipal Centre of Social Assistance, the Marshal of the Lodzkie Region, business incubators, Lodz Industrial and Commercial chambers of Chamber, Lodz Special Economic Zone.

## 4.7 The County of Buckinghamshire

### THE CITY AND ITS ECONOMIC CONTEXT:

The County of Buckinghamshire is a non-city partner, represented by Buckinghamshire Business First – a public equivalent body, which is the ‘arms length’ Economic Development Unit of Buckinghamshire County Council. Participation of non-city partners in the Implementation Phase was one of the original objectives of the INNOVA partnership, and this intention has been positively assessed by the Evaluation Assessment Panel in the Application for the Development Phase.

The Region of Buckinghamshire is part of the Thames Valley Region of England, located north-west to London, with a population of 500,000 inhabitants. Buckinghamshire possesses two major urban centers; Aylesbury (Pop.56,392) and High Wycombe (Pop.92,300).

Good accessibility to London, combined with Buckinghamshire’s central position in Britain, makes the region a good location for businesses. Indeed, the area demonstrates good economic performance with one of the fastest job growth rates of all Local Authority areas in the UK. However, the current global downturn is creating serious challenges for the region and its urban centre’s in particular;

- Buckinghamshire’s industrial structure is weakening (between 2008 and 2012 our high value floor-space declined by 143,000m<sup>2</sup> and our low value floor-space increased by 109,000m<sup>2</sup>);
- Buckinghamshire’s productivity is falling (GVA per hour worked has fallen from 20.4% above the national level in 2004 to 12.0% by 2009. This 8.4% point fall was the 4th weakest of all NUTS 3 regions in the country); and
- Buckinghamshire’s incidence of deprivation and worklessness is increasing (the claimant count across the ten wards with the highest levels of worklessness in Buckinghamshire – all of which are urban - having risen by 3.4 % to a new high, representing 27.1% of all claimants);

In addition, Buckinghamshire’s population is forecast to grow by 38,000 by 2031, of which only 200 are forecast to be of working age population.

Collectively, when combined with the obvious fiscal pressures being experienced in the public sector, these issues are impacting on our ability to continue to deliver a range of public services; maintain full employment; and protect/support an increasing number of vulnerable residents. In turn, these changes provide opportunities for a range of social enterprises to support the delivery of a range of public services.

### PROBLEMS AND CHALLENGES:

The global economic slowdown; the banking crisis; the Euro Zone sovereign debt problem; the high levels of public and private sector debt; a highly risk averse investment climate; and increasing levels of unemployment are all combining to stagnate the Buckinghamshire economy and place significant pressures on the public sector's ability to deliver a range of public services.

In addition, forecast demographic changes in Buckinghamshire are likely to further exacerbate some of the problems in the labour market; reduce tax receipts; increase the 'social care' focus of public service delivery; and force local authorities to adopt a range of innovative models for delivering public services in the future.

In turn, this will create market opportunities for a range of social enterprises to move into the space vacated by the public sector.

Despite being a relatively successful economic region, Buckinghamshire's ability to solve these issues is made worse by the fact;

- Buckinghamshire currently has a lower proportion of Social Enterprises per head of population that anywhere else in the South East of England<sup>12</sup>, indicating we experience challenges in stimulating Social Action within our communities and stimulating Social Enterprise start-ups; and
- Buckinghamshire is ranked number 121 in local authority areas in the UK that are most dependent on public sector funding (with 29% of voluntary sector organizations receiving some form of public funding) and 12% ranking this as their most important income stream<sup>13</sup>

Nowhere are these issues more acute than in the urban centres of Buckinghamshire, where levels of deprivation, workless and unemployment are higher, and levels of Social Action and Social Entrepreneurship are lower.

Our major urban centres of Aylesbury, High Wycombe and Chesham are in the top 30% of the most deprived areas in the UK.

### POLICIES AND ACTIONS:

Buckinghamshire has started to implement a number of policy approaches to tackling these issues.

Like many public bodies, Buckinghamshire's local authorities have continued to transform the way they deliver public services, in an attempt to drive down costs, improve service

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<sup>12</sup> Middlesex University's mapping of the social enterprise sector within the SE of England (CEEDR 2008)

<sup>13</sup> The Third Sector Research Centre's research into how dependent the voluntary sector is on public funding - Evidence from the National Survey of Third Sector Organisations (2010)

efficiencies and cut out waste. In addition, a number of the authorities are exploring how a range of demand management techniques can help them to migrate customers away from being overly dependent on the public sector to using private sector suppliers. They have also sought to pilot 'total place' programmes in particular localities (particularly Chesham), to test whether improved levels of service integration across a range of agencies can achieve more cost effective outcomes for service users.

In addition, through the URBACT USEACT project, they have asked us to explore the potential of using innovative financial model to fund the future capital infrastructure investment needs.

As far as promoting economic development and growth is concerned, Buckinghamshire County Council supports and oversees the work of two major organisations to help them stimulate the growth in the economy they need to ensure that the county maintains its prosperity and the number of vulnerable people drawing on state benefits is kept to a minimum;

- Buckinghamshire Thames Valley Local Enterprise Partnership, is one of 39 Regional Development Agencies established by the UK government to stimulate economic growth. BTVLEP is a business-led 'partnership of equals' that is responsible for building the conditions for sustainable economic growth and overseeing the development of "growth sectors" in the County, such as construction and space, creative industries and manufacturing. BTVLEP is formed from 5 private stakeholders (50%) and 5 Local Authority participants (50%) that take part to the decision-making process (For more information, visit <http://buckstvlep.co.uk/>); and
- Buckinghamshire Business First (BBF) is a not-for-profit public equivalent body that provides a range of business support services and provides the BTVLEP secretariat support. The agency (BBF) has developed a specific expertise in the design, management, implementation and evaluation of a wide range of transnational EU funded projects, delivering business improvement, cluster development, economic development and sustainability and community development outcomes. BBF possesses a strong track record of working with European, national, regional and local government departments and agencies across all the major sectors, including industry, environment, health, education, agriculture and society. We also work in partnership with a range of partners from the public, private, voluntary/community and academic sectors to deliver service excellence. The organization has successfully delivered a number of specialist projects which have focused on the development and growth of SME's, entrepreneurship and innovation, renewable energies, enterprise and business development, education and training, targeted support of disadvantaged groups in business such as women and ethnic communities, rural development and industry sector specific support. For more information visit <http://www.bbf.uk.com/>

Recognising that we have not yet prioritised any programmes which seek to manage these challenges by stimulating increased levels of social responsibility to support job creation, we have joined the INNOVA project with the aim of developing a Local Action Plan for doing this.

The experience from BBF will be shared with the remaining Partner Cities within INNOVA, while this partner will also seek further good practices in areas such as active involvement of senior population (as in Újbuda), entrepreneurship measures (Monza) or support infrastructures (Viborg).

SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:

In developing the local vision into a strategy for implementation within the INNOVA project, Buckinghamshire will focus on a number of strategic principles, described below and that have been endorsed by partners and stakeholders.

The focus of the transnational activities and of the future Local Action Plan will as such be in the following areas:

- A focus on encouraging businesses to give 'philanthropically' to initiatives which stimulate jobs growth in the local economy. This will explore the potential for businesses to give through CSR initiatives like employee volunteering/secondments; gifts in kind; joint promotions; corporate sponsorship; cause-related marketing and capital/big gift campaigns. In developing our local action plan we will focus on either encouraging companies to give to other companies, or encouraging the to give to sustain the 'intermediary services' which are designed to stimulate growth;
- A focus on examining the potential of establishing a peer to peer lending platform, which would enable fledgling/early stage businesses to lend money from more established businesses/corporate entities, and for the lending organization to receive interest for doing so.;
- A focus on developing a Social Enterprise Development programme which could be used to stimulate new businesses, by making aspiring entrepreneurs and existing businesses aware of the commercial opportunities likely to emerge through the societal changes we have described previously, and the value of forming new social enterprises to attempt to exploit them;

For carrying out these activities and validating its outcomes, Buckinghamshire Business First will mobilize to the Local Support Group a mixture of public and private sector organizations, including private companies, Homes and Communities Agencies, Business support agencies and Local Strategic Partnerships.

## 4.8 City of Seia

### THE CITY AND ITS ECONOMIC CONTEXT:

Seia, in Portugal, is located in the western foothills of Estrela Mountain (Portugal largest mountainous system) in the Beira Alta Region (Centro). It has a total area of 435.7 km<sup>2</sup> and a total population of 27,574 inhabitants. The council's economy is based on agriculture (producing potatoes, cereals, apples, pears and olive oil) and livestock and shepherd activity, which leads to the famous cheese "Queijo da Serra". The industry (mainly textile) also plays an important role, along with tourism. In fact, Seia is one of the main cities of the mountain, well prepared in terms of tourism accommodation within the city with several hotels and restaurants, and an interesting Bread Museum. The city also develops a relevant and international cultural activity, with emphasis on the CINE'ECO – an International Environmental Film Festival which just had its 18<sup>th</sup> edition early October this year. The Festival welcomes narrative and documentary films from several countries for its variety of competitive and non-competitive sections, on the topics of environment, nature, culture, travel and tourism, which are closely linked to the city of Seia and region of Serra da Estrela.

In spite of all this, the unemployment rate is the highest within the region, and slightly higher than the national rate (close to 15%). The economy is suffering from the recession that hit all of the country, and most sectors are facing difficulties due to the stiff decline in internal expenditure and reduction of the number of internal tourists.

The strategic priorities of the city council are related to the promotion of a low-carbon policy, an increase of the nature and sustainable tourism and a revamp of the agro-food sector by attracting new people to it, both as entrepreneurs and workers and facilitating the access to abandoned lands.

### PROBLEMS AND CHALLENGES:

Seia suffers from several problems common to other inland regions of Portugal. The exodus of population for other places, left the rural fields without perspectives for exploration. The economic and social crisis, and the unemployment are the main weaknesses of the region. But, and in spite of major investments in accessibilities across the country, the lack of a direct and fast road infrastructure to link this region to the litoral regions remains a constraint to the development of the county/region.

In economical terms, the traditional main economic activities were linked to the textile industry, but over the last decades, there are emerging some areas like the tourism, the production of local quality products (cheese, wine, honey, bread), and many others. The

potentials of natural resources, the green industries, the ambient education, the tourism and communities know-how, local products and art crafts, have also an economic expression. The challenge is now to reinforce the production of higher added-value textiles and the market of eco-food products. While this objective is being actively pursued, the city and region have to address two main problems, apparently contradictory, but in reality two sides of the same coin:

- On one side a consistent unemployment. In recent years, the number of unemployed people in the county of Seia has been increasing, however, there have been some changes this trend – with a slight decrease since end 2009 when it peaked. The largest number of unemployed affects mostly women, the age group between 35 and 54 years old, and individuals with basic education, however, it is important to note the increase of unemployed people with higher qualifications in the last three years.
- On the other side a lack of qualified human resources, of even unqualified one for some “non-prestigious” activities but that play an important role in the local economy just as shepherds. Due to the economic crises, there is an increasing number of younger people that needs to go to other countries in order to find a (suitable or appealing) job. This is aggravated by the fact that national policies don’t value enough the interior regions development, their rural characteristics, their communities and the production of sustainable products. In this case the challenge lies in the promotion of ancestral activities, related to micro enterprises, tourism, textiles, agro-food production and commercialization of goods in order to both create jobs and make them attractive for local population. To do so, it is necessary to invest in training and incentives for the ancient producers, for the younger entrepreneurs and for local people that want to explore the regional characteristics and revitalize specific products.

#### POLICIES AND ACTIONS:

The city of Seia has been investing in policies to foster the production of local goods. There is a great interest in fostering the production and commercialization of local products, enhance the farm production in order to improve a sustainable development for the region. And is developing actions to promote the local natural resources, to improve the relationship of the rural and the urban areas, stimulate the production of local products (bio, eco, certificated), and make an effort to specialize the tourism offer in “eco-tourism”. There is also a relevant project for “low carbon” regional products being implemented. Part of these projects are being implemented in cooperation with the different Universities that are investing in research areas of knowledge linked to the traditional aspects of the regions, like:

- University of Beira Interior in Covilhã (course of textile engineering and textile technological centre)
- University of Coimbra (promotes research, innovation and entrepreneurship and, develops the DTS - division of knowledge transfer)
- Superior Agricultural School of Viseu
- Superior School of Tourism and Catering in Seia

As for the main initiatives being implemented in the County of Seia, these are:

- Eco 2 Seia, low carbon city
- Mountain Villages
- Technological Village

These projects are related with transversal aspects of the region (social, cultural, economic...) that can be able to develop economic clusters linked to the territorial characteristics.

Within the INNOVA network, Seia shares most of its priorities with the City of Bisceglie and expects to benefit to the sectoral experience of Viborg in terms of research and technical support structures for the agro-food sector. It also can benefit from good practices in terms of entrepreneurship (Monza), qualification of workers and promotion of an industrial tourism (Buckinghamshire) and sustainability actions (Tomares), amongst others.

#### SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:

The main motivation for the city of Seia in the INNOVA project is related with the need to design, experiment and deploy local policies for the reinforcement of the production and commercialization of eco-food products, and for achieving sustainability using traditional and natural techniques to do excellent goods.

There are already some programs being developed concerning the requalification of some industries, the excellence of the food products, and the valorization of traditional production related with agriculture, that have low carbon rates – but it is necessary to benefit from further experiences in order to increase their reach and efficiency, especially at a time of reduced public budgets.

As such, and within INNOVA, the City of Seia intends to investigate, analyze and share different experiences that are conducting to good practices and results on the areas of employment, urban/rural development, sustainability, integrated urban rehabilitation, and social inclusion. It also expects to:

- Learn from diverse partners and from their actions plans there are being settled in very different places;
- Refresh ideas and perspective new tendencies that can be adapted into different contexts;
- Communicate, participate and share projects, ideas, problems or solutions;
- Analyze and understand results that are achieved in other cities and regions;
- Join forces to achieve results, different cities are experiencing similar projects who can be comparable and realize a group of results that can be interesting to analyze;
- Participate in international meetings, workshops;
- Increment further research and building team work;
- Radiate and stimulate actions that can improve the work of partners, residents and investors in order to achieve profit from local activities there are already being developed.



As a result of these transnational activities here are several implementation paths that the City of Seia wishes to exploit within the INNOVA project . These include in particular:

- Encourage organic farming and valorize eco products;
- Promote the creation of a land bank, to restore areas of production in abandoned fields;
- Form a cooperative to ensure the flow of the commodities;
- Promote a course in organic farming practices, that basis the sustainable food production;
- Stimulate the rehabilitation of strategic productive sectors to use local products into new projects of economic development.

Besides the municipality, the team work would complement their action plan establishing partnerships with other entities like:

- Serra da Estrela Association of Artisans
- Serra da Estrela Rural Development Association
- Serra da Estrela Associação Comercial
- Serra da Estrela Professional School
- Seia Júnior High School
- Seia Superior School of Tourism and Catering

and involve also other Superior Schools, like Superior Agricultural School of Viseu within the Local Support Group.

## 4.9 XI District of Budapest - Újbuda

### THE CITY AND ITS ECONOMIC CONTEXT:

Újbuda is the 11th district of the Hungarian Capital city of Budapest and its most populous district with 137,426 inhabitants. Until the 1890s Újbuda's present territory was a field south to the historical town of Buda. Following the organization model of Hungary and of the Budapest region, Újbuda is an autonomous municipality with its own elected local government, and is within a Convergence region.

The fundamental transformation in the economic structure in Újbuda began in the 1990s. The changes in the branch structure of the economy are characterized by the decreasing importance of the producing branches (especially industry and the building industry) in favor of services. In 2010, the primary sector accounted for 0.3% of the Gross Value Added, while this share was 0.5% in 1995. The secondary sector has also declined over the same period from 22.4% to 20.4%. Thus, the share of the tertiary sector has expanded from 77.1% to 79.2%. The economic transformation of the capital Budapest and its districts is driven by the dynamics of business, financial services and trade, with foreign investments being mainly directed to the services sector. Over the past few years Budapest has grown into one of Europe's financial centres, but while the city is naturally a centre of services, most of those are located in the Pest districts. But the city, and in particular the Buda districts still have an important manufacturing component. Budapest became Hungary's main industrial center in the late nineteenth century, first a center for food processing, then manufacturing agricultural machinery and automobiles. By 2008, more than 50 percent of Budapest's factory employees work in metalworking and engineering, producing railroad equipment, buses, and river craft. The remainder work in textiles, electronics, chemicals, and in food processing, which is still a relevant sector.

Unemployment in Újbuda is still a pressing problem, with a rate above 11% in line with the national figures.

### PROBLEMS AND CHALLENGES:

Even if the socio - economic indicators are describing the situation in Újbuda - as part of the capital of Budapest and Central–Hungary NUTS2 region – as relatively advantageous compared to the other cities and the 6 convergence regions in Hungary, the district of Újbuda also faces the problems of the unemployment deriving from declining sectors due to the world - wide economic crisis.

The job market profile in Újbuda and in the Central – Hungary NUTS2 region is mostly characterised by tertiary sectors. This means that it is getting hard for the workers with

lower qualification to find a job in their original branch (e.g. building industry). Rate of the unemployment is relatively low, but the long-term unemployed have lost their jobs due to the decline of sectors shaken by the economic crisis. And the long – term unemployment has multiple negative impacts on the local services, and increases the public social expenditures. The Local Government in Újbuda has recognized since long that the problematic of unemployment cannot purely be solved with central - governmental measures. As such, Újbuda has already established informal forums consisting of public actors, industry actors, universities and civil organisation operating on the administrative area of the Local Government of Újbuda. Civil organisations are the speakers of the various social groups, universities are delivering know – how for problem solution, industries are employers and public actors are bodies responsible for the legislation of any socio – economic innovation.

Furthermore, Újbuda Prizma Nonprofit Ltd. (a company owned by the Local Municipality) has broadened its scope of activities from 01st January 2012 with the job placement. With this new activity, the Local Government and the Újbuda Prizma Nonprofit Ltd. do not want to be a competitor to the private staffing agencies, but an additional partner to them.

Within the INNOVA Thematic Network, the Local Government of Újbuda will be looking to further cooperation with local actors and to jointly with them implement new, innovative measures, inspired in other cities, for promoting socio-economic aspects and fostering employment.

#### POLICIES AND ACTIONS:

As for other cities within the INNOVA partnership, unemployment and social pressure from a non-active population are amongst the most urging problems faced by Újbuda. This is indeed a pressing problem in the whole country as Hungary's labor force participation rate of 57 percent is one of the lowest in the Organization for Economic Cooperation and Development. Due to this, the municipality authorities have since a considerable time paid a great deal of attention to social aspects, and in particular to those related to an ageing population. Újbuda has the highest ratio of the population over 60 in the area of the capital, meaning that 40,000 local citizens belong to this layer of the society. This has been addressed through projects such as 'Újbuda 60+' that supports the improvement of the quality of life for the elderly in an organized way. Among other things, the 'Újbuda 60+' encourages free time activities, entertainment, cultural and public gatherings. One of the declared objectives of the professional leaders of the 'Újbuda 60+' program is to orient the aged over 60 towards an active participation in the life of the community and society thus only falling one step shorter of an active promotion of a "socially driven economy".

At another level, Újbuda Prizma Nonprofit Ltd. has introduced job placement activity, and established a partnership with the Budapest Chamber of Commerce and Industry in order to find appropriate job opportunities for job seekers who are excluded from the labour market due to their out-of-date qualification or any other disadvantages. Besides, Prizma gives personalized services to job seekers in form of consulting and training.

Within the INNOVA network, Újbuda will be sharing progress and achievements on these activities with all other partners and gathering information on measures for promoting new

sectors with a social component, namely within creative industries (Viborg), Entrepreneurship (Monza), promotion of social responsibility at local governance level (Tomares) and employment amongst special groups (Lodz), amongst others.

**SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:**

From institutional aspect, the scope of the Local Action Plan shall cover (1) industry actors, who are searching for employees, (2) civil organisations, who channelize the job problems of the social groups they represent, (3) universities, who can identify economic branches where retrained work force is always needed, and (4) the Local Government playing the facilitator's role.

As a result of both the transnational and local activities carried out within the INNOVA project, the Local Action Plan from Újbuda will have as particular focus on on one hand (1) the identified target group characterized by weak access to labor market. This shall be so-to-speak a new target group, but consisting of generally accepted target groups such as young, 60+ people, people with inhabitants, women, etc. On the other hand, (2) industry branches (such as environment industry) directly or indirectly serving community purposes shall be identified in which there is and will always be a relatively great demand for workforce in the "Information Society" dominant nowadays.

From operational aspect, the Local Action Plan is to introduce procedures to (1) identify acute problems of target group's members (responsible partners: civil organisations), (2) demands from side of the industry sector, (3) create new innovative technological solutions (responsible partners: universities) and (4) the Local Municipality to plan, introduce and coordinate new measures, and monitor the results.

Besides the municipality, organizations to be involved in the Local Support Group will include:

- Újbuda Prizma Nonprofit Ltd.
- Budapest Chamber of Commerce and Industry
- Corvinus University of Budapest
- Budapest University of Technology and Economics
- Civil organizations representing:
  - o people with disabilities,
  - o women,
  - o young people.

#### 4.10 University “Vasile Alecsandri” of Bacău (Bacău)

##### THE CITY AND ITS ECONOMIC CONTEXT:

The 10th partner is a non-city partner, in the case the University “Vasile Alecsandri” of Bacău in Romania. Participation of non-city partners in the Implementation Phase was since the start one of the objectives of the INNOVA partnership, and this intention has been positively assessed by the Evaluation Assessment Panel in the Application for the Development Phase. Finally, and considering the re-focus of the project on Urban Policies and the great interest raised in City Councils, 2 non-city partners have been kept, and within the framework of a close cooperation with the City Authorities of which one is the University of Bacău.

Bacău is the main city in Bacău County, Romania. As of 2011 census, it has a population of 133.460 making it the 15th largest city in Romania. The county of Bacău was one of the most industrialized regions in the communist period and it remained Moldavia's most important industrial center ever since, with two important oil refineries amongst other sectors. But over the recent years, due to industrial decline and to unstable social situation, Bacău has gained a bad reputation in terms of economic crimes. In April 2012, the unemployment rate in Bacău County was 5.40 %. The North-East Region of Romania (which includes Bacău County) also has the highest poverty rate among all the Romanian regions: 26.2% in 2010. This provides a picture of the social issues faced by the city and region.

One of the main assets of the city is clearly its university, University “Vasile Alecsandri” of Bacău. The university is involved in promoting the educational reform, as a keystone for the social and economic sustainable development and committed to consolidate the link between the Educational sector and the local authorities, in the sense that the latter could benefit from the implication of the teachers and students in finding several solutions for the many social issues being faced.

##### PROBLEMS AND CHALLENGES:

After the political changes in 1989, the city of Bacău (like most of the industrial cities in Romania) progressively diminished its production capacity, as many plants totally or partially lost their functionalities. The unemployment rate grew and since 2008, as a result of the global economic crisis, the situation has worsened.

The North-East Region of Romania (which includes Bacău County) has the highest poverty rate among all the Romanian regions: 26.2% in 2010.

A large part of the active population in this region is employed temporarily or permanently in economic activities in Bucharest, Banat, Western Europe (especially Italy and Spain) and Israel.

The Western part of the region, which in the 60s and 70s has been the subject to a forced industrialization (metal manufacturing, furniture, chemistry, construction materials, car manufacturing, textiles), has started a des-industrialization process for the past 10 years (chemical industry, petrochemicals, machinery, furniture, textile), which has aggravated the economical situation, whereas the Eastern part of the region is traditionally underdeveloped. In the city of Bacău, only several industrial platforms are still functioning, but with a small number of employees.

Bacău also suffers from an ageing population, as does the whole of Romania with the inherent social pressure. Romania's population will fall by 4.5 million inhabitants by the year 2060, reaching 16.9 million inhabitants, shows data released by EUROSTAT. Romania will have in this period the fourth sharpest decline in population among the 27 EU states: 21%, after Bulgaria (28%), Latvia (26%) and Lithuania (24%). (source: <http://www.privatepensions.ro>). According to President of the National Association of Insurance and Reinsurance Companies in Romania, in 2050 the dependency ratio in the public health insurance system would be a payer to nine beneficiaries. For Bacău, the trend fits the data for the whole country.

However, there are some assets too that open new challenges for the city and its actors. The prognosis is moderately optimistic for the North-East Region, for the next years, mainly for tourism and agriculture. The region should be very attractive for the investors, due to low costs of implementing businesses in this area.

Bacău hosts the only structure of technological transfer and innovation in Bacău County, the Industrial Park HIT Hemeiuși (<http://hitpark.ro/en>). HIT Park is an Industrial Park addressed to the local branches of the multinational companies, traditional companies on the national IT&C market, companies that develop branch activities in the IT&C field, start-up companies. The project has been financed by the European Union, Romanian Government and Bacău County Council.

#### POLICIES AND ACTIONS:

In spite of the difficult economic situation, several new projects and initiatives have been launched recently in Bacău, mostly funded by European Social Funds. The most relevant are:

- Setting up and management of the partnerships with support organizations for business area: Agency for Project Implementing and Programmes for SMEs, National Council of Small and Medium Sized Private Enterprises in Romania (<http://www.cnipmmr.ro/engl/about.htm>), Romanian Agency for Foreign Investment (<http://www.arisinvest.ro/index.php>), the Chambers of Commerce and Industry in the region.
- Identification, implementation and evaluation of projects/programmes designated to inform and to prepare the business medium, in order to ensure the conformity with the regulations of the European market.

- General information and services for the existing businesses and potential investors.
- Administration of databases with information like: real estate agencies, banks, chambers of commerce, insurance companies, utilities providers, management services.
- Permanent collaboration with the administrations of the industrial parks in the region, in order to track their evolution.

Also in technology, infrastructure and in particular on the widespread of ICT technologies, several new initiatives have been conducted, including:

- Development of the informatics culture (through advertising, info kiosks, some facilities for online transactions and payments, etc).
- Training of citizens, in order to ensure their access to the new technologies (through introductory courses).
- Professional qualification in the field of ICT, granted through: qualification or re-qualification courses (for unemployed), specialization or development courses, apprenticeship courses at the place of employment.
- These courses are organized by: centres of the Ministry of Work and Social Solidarity, state centres, private training institutions, consulting and training companies, NGO's and educational institutes.
- Special programmes and individual initiatives in ICT for disadvantaged groups (for example, the Association for the Blind, Bacău branch has endowed its members with special laptops).
- Stimulation of performance in computer science learning (awards for the best scholars at high school level and support for the Erasmus students, offered by the City Hall of Bacău).
- A strong link between the business sector and the educational sector (partnership for practical stages, which are compulsory for students in several licence or master programmes, meant to improve their competences in ICT and to facilitate the knowledge transfer).
- Initiatives for matching the demand in ICT professionals with the ICT-skilled workforce (Job Fairs are frequently organized).

As regards concrete implementation actions, in May 2010, the Bacău Local Council approved an Integrated Plan of Urban Development of Bacău City (this is available – in Romanian – at [http://www.primariabacau.ro/PIDU\\_BACAU\\_final.pdf](http://www.primariabacau.ro/PIDU_BACAU_final.pdf)).

Also to be noted are the construction of the Business and Exhibitions Centre “Mircea Cancicov” Bacău (<http://caebacau.ro/tag/centrul-de-afaceri-si-expozitii-bacau/>). The investment of 13.800.000€ was finalized in 2010, from the local budget and PHARE funds. The purpose of this centre is the creation of a dynamic business environment in the whole North East Region and in Bacău. Structure: Business incubator with 24 modules for investors, Business and Marketing Centre, office places for the activities of the permanent employees, consultancy offices for SME's, conference and seminary room, 700 seats

meeting rooms, international relations office, pavilions for exhibitions. This centre hosts a lot of events, among which we mention: Workshop for Creation of Innovative Clusters (2012), The 4<sup>th</sup> Meeting of the Regional Platform for Eco-Innovation (in the framework of the European Project ECREIN +, addressed to the municipalities, private and public entities concerned in the eco-innovation).

Within the INNOVA network, the University of Bacău will share the experience of its involvement in these projects and initiatives with other partners, also making available its academic community for reviewing and profile some of the Good Practices and Case studies in the network. On the other side, the University of Bacău will be eager to learn from all the other partners as regards policies for a socially-driven economy, paying particular attention to the evolution of the dynamics between cities and universities. University of Bacău would like to benefit from the experience of the partners and have the opportunity to see some good practices and initiatives for:

- Support the start-up of new and efficient companies, including in the social-driven economy.
- Balance the offer and the demand on labour market.
- Facilitate the knowledge transfer between Universities and the business sector.

#### SCOPE OF IMPLEMENTATION PHASE ACTIVITIES AND OF THE LOCAL ACTION PLAN:

Within the INNOVA thematic network, the University of Bacău will have as main purposed the consolidation of the link between the Educational sector and the local city authorities, in the sense that the latter could benefit from the implication of the university and is human capital in finding several solutions for the issues addressed in the project.

A core objective for the University will also be the development of approaches for the integration of the graduates in the business and social sector in Bacău, leading to innovation, intelligent clusters and introducing the elements of a social responsible city.



In particular, the focus of the transnational activities and of the future Local Action Plan of the University of Bacău / City of Bacău could be the following:

- Contribute towards a coordination / animation of a network of schools (at all levels) in the Partner Cities, aiming to promote social and sustainable development of the cities and reviewing and promoting various projects concerning the promotion of a socially responsible culture;
- Strengthen communication between local governments and the educational sector and address issues of educational reform having in view a greater participation of universities in urban social policies and a greater employability of students, including in social driven sectors and promotion of partnership with public and with private institutions, in order to allow the students to apply their knowledge in practical activities during their practical stages and to learn “on the scene”;
- Address issues related to promotion / education of social entrepreneurship and re-qualification of workers for the socially-driven sectors, including definition of the competences for study programmes, according to the national framework approved by the Council for Occupational Standards and Certification;
- Training / qualification of social groups having in view a greater involvement in the civic life and economy (for example, work with rural communities and train their staff on the use of web sites, blogs and other ICT tools).

University “Vasile Alecsandri” of Bacău hosts, every year, many events with local, regional, national or international character (scientific conferences, summer schools, workshops, etc). These events are as many opportunities to disseminate the results of the project (in various forms: communications, presentations, research papers).

As regards the Local Support Group, the following entities should be involved: Bacău City Council, Bacău County Council, Chamber of Commerce and Industry of Bacău, National Agency for Environment Protection, Bacău branch, the National Institute of Statistics, Bacău Branch, Directorate for Agriculture Bacău, National Agency for the Work Force Employment, - Bacău Branch, Bacău Local Development Agency, the Scholar Inspectorate of Bacău County.

#### 4.11 Summary of Cities' local situations, expectations and potential contributions to the Thematic Network

Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
Tomares	Tomares, is the fast growing municipality in Spain (having multiplied its population 4 times in the '90s), resulting in a high density of population (4.379,23 inhabitants per m2) and of construction level (nearly 90% of the construction capacity achieved). In economic terms, the city shares the same problems faced all across Andalusia, with a very high unemployment rate of 27,95%, amongst the highest amongst all partners, which on its own justifies the leadership role assumed by Tomares in the INNOVA project. 85% of the local economy is on services, with predominance of micro-enterprises (less than 5 employees) that represent 91% of the total of companies. In face of such economy scenario, when aiming at creating jobs, the local emphasis is naturally on the service sectors, with a focus on infrastructure and on the emerging social responsibility model of economic development. In this field, Tomares has a pioneer position in Spain, as the City is developing the	<ul style="list-style-type: none"> <li>- Improving the business attractiveness of the city, to enterprises and citizens alike, identifying new emerging sectors where to set up new enterprises and create sustainable and enduring jobs in a time of crisis and recession, appealing to the social conscience of companies, entrepreneurs and citizens;</li> <li>- Develop a more efficient governance system, maintaining or expanding social support with less cost and promote the involvement of the private sector, civil society and citizens in the social and economic development of the city, resulting in an improved quality of life.</li> <li>- In particular, find rapid innovative social solutions for the mass of unemployed coming from the construction sector within the present budget contraction scenario.</li> </ul>	<p>The Local Action Plan of Tomares will focus on City priorities with a strong emphasis on the need to identify funding sources that allow new programmes and measures within the present economy contraction scenario. The strategies and actions included in the Local Action Plan will as such have the following objectives:</p> <ol style="list-style-type: none"> <li>1. Generation of a new pole of specialized enterprises in the city, e.g. in the biofood sector: analyzing the main weakness and strengths of the city, learning from the experience of other cities and rising infrastructures investment;</li> <li>2. Promote citizen participation and smart administration;</li> <li>3. Creation of services to promote entrepreneurship, paying special attention to university youth;</li> <li>4. Implementation of qualification and vocational training systems and improvement of the labour mobility;</li> </ol>	<p>Tomares has several assets to offer as Good Practice to the network:</p> <ul style="list-style-type: none"> <li>- A balanced economical and budgetary situation, in spite of the economic recession and budget cuts of the last years;</li> <li>- An excellent level of infrastructure, which is being further reinforced by the investments being carried out within the project "Tomares, ciudad de empresas responsables;</li> <li>- Its geographical location, and natural resources including Europe's largest production area for organic food;</li> </ul> <p>On the other hand, Tomares must find new paths outside borders and in particular within INNOVA partner cities:</p> <ul style="list-style-type: none"> <li>- It must look for new emerging sectors, with a growth and job creation potential even at times of crisis and recession and aligned with its natural resources, such as agro and in particular organic food and bioenergy, for which it must develop new support structures</li> </ul>

	<p>project “Tomares, ciudad de empresas responsables” (Tomares, city of responsible enterprises), which includes an important investment in infrastructures, with a total budget of 8.883.211 €, 70% funded by the ERDF. But with the decline of the construction sector, and related subsectors, which has been the catalyst of the local economy for years, it is absolutely vital to identify new sectors for growth.</p>		<p>5. Achievement of a socially responsible municipality: new ways of governance, based on citizens' needs and a city to live and work.</p>	<p>such as those in Viborg (Agro Business Park and Aarhus Foulom University);</p> <ul style="list-style-type: none"> <li>- It must develop new measures to re-qualify and re-absorb in the labor market the lay-off workers from the construction sector, building and improving on the policies implemented in Buckinghamshire to mitigate the effect of the decline of the furniture industry;</li> <li>- It must innovative in terms of social policies and measures, in order to minimize the social and budgetary pressure from non-active population groups, such as senior citizens (such as in Újbuda), unemployed women (Lodz), youth (Monza) and immigrants (Bisceglie), among others.</li> </ul>
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Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
<b>Viborg</b>	<p>Viborg is a a driver in the regional business development in the Central Denmark Region. The local business structure is dominated by sectors such as agriculture &amp; food innovation, energy &amp; environment, business services, public administration, manufacturing and production. The image of the business landscape in Viborg varies from heavy, traditional export oriented industry - including Grundfos, one of the world's leading pump manufacturers - to new innovative businesses within clean tech and animation and new media. Over the last half decade, Viborg Municipality has experienced a decline in the growth pace. The number of companies and employees in the local businesses has declined and the unemployment rate has strongly increased (from 1.5% on the summer of 2008 when the unemployment rate was lowest to now around 5.6%). The total number of jobs has decreased from 53,500 in 2008 to 48,600 in 2011, a decline of approximately 9 % and across all sectors, but especially manufacturing, trade and public service. Furthermore, 25% of active</p>	<p>Viborg expects from the network inspiration for solution to its main problems, namely:</p> <ul style="list-style-type: none"> <li>— A growing problem of unemployment due to the financial crisis, so there has been a decrease in job opportunities for especially people occupied in industry. The majority of the unemployed are unskilled or they have only few years of education. Furthermore there is an increase in the number of youths without any education or job. These groups would benefit either from the creation of new jobs or through business oriented education aimed at new jobs in emerging business sectors; in order to address this problem, the main challenge is how to develop new jobs within green sectors (bio energy, agro technology, sustainable production e.g.), with ample growth potential;</li> <li>— A low entrepreneurship rate, in spite of very high educational levels. The challenge to be faced is in particular to stimulate students to create new companies and newly educated academics' employment in new (and small) businesses;</li> </ul>	<p>The main focus for the transnational activities and for the future Local Action Plan in Viborg will be on the creation of new or development of existing companies working in the addressed fields (bioenergy, water, agro-technology, agriculture and production) and the promotion of the translation of innovative ideas to business concepts.</p> <p>More specifically Viborg wishes to focus on the challenge of getting highly educated to find jobs in existing business (and thus add these new competencies) or to establish their own business, through initiatives such as:</p> <ul style="list-style-type: none"> <li>- unemployed graduates as business developers in cooperation with established companies;</li> <li>- build bridges between unemployed / students and companies (contact-brokerage, matchmaking and student green house);</li> <li>- mentoring schemes;</li> </ul> <p>In terms of addressing a socially driven economy, Viborg's main focus will lie on issues such as:</p>	<p>The INNOVA project will provide European scale to a process of urban planning and development already in course within Viborg, in cooperation with the main local actors. The main focus will be on creation of jobs and a sectoral approach is favoured. Covering in particular the broad topics of Energy and Climate. Viborg Municipality has sound assets in sectors such as bioenergy, water, agro-technology, agriculture and production, through partners such as Aarhus University, Agro Business Park / Arsenalet and a solid industrial sector with both SME's and large companies within the designated areas.</p> <p>But Viborg also needs to adapt to a growing unemployment figures and to re-consider its social protection practices, which place a high burden on the city budget. In order to do so it particularly values initiatives targeted to senior citizens (as in Újbuda) or entrepreneurship programmes (as those being promoted in Monza).</p>

	<p>population (18-65 years of age) is under some sort of social scheme protection and not actively on the job mark. The greatest part of unemployed consists of both unskilled as well as skilled labour with only few years of education. Therefore the city is challenged with the need for evolving more labour mobility and the need to lift the educational level for the unemployed and the workforce with only few years of education. Furthermore, Denmark is usually pictured as a nation with a lot of innovators but very few entrepreneurs, and it necessary to stimulate innovators in order to make them initiate start up businesses.</p>	<p>— Too high social costs due to national and local social protection policies. The challenge here is to call for a greater intervention of the private sector and civil society, without jeopardizing the basis of welfare system, and in particular how can businesses though social clauses help young people getting jobs or to secure more sustainable business development;</p>	<p>- in which ways is it possible to use social clauses and public procurement to create as sustainable and socially oriented economy? - is it possible to integrate a focus from "cradle to cradle" in terms of promoting a sustainable economy?</p>	
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Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
<b>Monza</b>	<p>The main challenge for Monza and its region is to remain competitive on a longer term and be attractive for people and business, especially in the light of the current economic crisis. Issues such as 'liveability' and 'quality of life' are increasingly important within the city strategies, and these issues have been under pressure. Besides other social and economic problems, the city struggles with the adverse impacts of a large amount of traffic passing through the city. As a result, Monza is the most polluted city in Lombardy according to the study "Urban Ecosystem 2011" drawn up in collaboration with the newspaper "Il Sole 24 ore". Challenges relating to the improvement of quality of life need to be seen in the context of the transformation of an industrial city towards a service-oriented city, even though industrial activities are still an important economic sector of Monza and Brianza's economy. The strong economic growth of Monza and all of Milan's metropolitan area in the last decades has caused significant problems such as a lack of available land for new developments and</p>	<p>Monza expects from the network possible solutions to its main problems, that are:</p> <ul style="list-style-type: none"> <li>- A decline from the manufacturing sector which has failed to be compensated by new, emerging sectors;</li> <li>- An ageing population, as a result from several factors in particular a steady decline in birth rates and an overall increase in life expectancy. Monza's population is unquestionably getting older as revealed by the average age of residents, which increased nearly four years (from 40.5 to 44.4) between 2003 and 2010. The population above 65 years of age has steadily increased since 1993, when it was 15%, to reach 22.8% of the resident population in 2010. Of these 27% are over-80 years old, that percentage has increased since 2002 (was 21.5%). Among the factors which impact negatively on this field are the continued rise of component families (single), which went from 24.6% in 1993 to 33% in 2010 and the decrease of women of childbearing age: in 1993 there were</li> </ul>	<p>There is an obvious synergy between some of the actions being implemented or planned in Monza and the preliminary areas of actuation of the INNOVA project, that will be further exploited:</p> <ul style="list-style-type: none"> <li>- The need to complement measures to support entrepreneurship with the caption of venture capital, public or private, and to extend them to targets beyond the conventional ones, including also socially disadvantaged groups (social entrepreneurship);</li> <li>- The need to focus on new and emerging sectors to promote employment and reconversion of workers, including those with a social dimension, such as biofood, bioenergy and others, profiting also from the scale and visibility factor brought by the forthcoming Universal Exhibition to be organized in Milan in 2015 under the theme "Feeding the Planet, Energy for Life";</li> </ul> <p>Within the INNOVA project, a particular emphasis will be placed by the City of Monza in the areas of</p>	<p>Monza has an important tradition in terms of participative Urban planning which will be further developed within the INNOVA project. The city has recently launched its Urban Centre for the Promotion and Development of Civic Awareness, Development and Aarticipation. An important component of this centre is "E-GOCS" project, which will carry out an experiment in "e-democracy" utilising ICTs with the active participation of children and youth for (a) redevelopment proposals for a large, centrally located dismissed industrial site, and (b) a city-wide dialogue regarding the time management (a "Time Plan") of the city's services and spaces most suitable to children's and young people's requirements, to be subsequently applied for the entire population.</p> <p>Monza can share the results of this and other initiatives with the other partners, and also its model of analysis of human capital to tackle the crisis on employment with a specific focus in the most affected</p>

	<p>negative externalities of growth such as pollution, congestion and a lack of affordable housing. The coming years Monza needs to face these challenges in order to remain competitive on the longer term, while addressing also the issue of rising employment and the need to absorb an important immigration population.</p>	<p>30,779, 26,857 in 2010. The birth rate was only 1,082 in 2010. Also an increase in divorce and a growing number of single immigrants contributes to this result. This cause of course further social pressure on the city welfare systems and on the local economy.</p> <ul style="list-style-type: none"> <li>- A large and still growing immigrant community even if increased touched by unemployment and social problems. In the city of Monza, the regular immigrants are 13.238 (over 10% of total population), with 121 different nationalities. The unemployment rate within immigrants grew from 13% in 2009 to 16% in 2010. According to the body chamber Monza - Lombardy "an immigrant does have a risk rate of unemployment higher than 20% more than an Italian." This will lead to social problems as regular employment is a necessary condition to obtain a residence permit.</li> </ul>	<p>Social Reconversion of Workers and also Social Entrepreneurship, profiting from the synergy with on-going projects and aiming at scaling them up. Possible areas for the future LAP can as such include:</p> <ul style="list-style-type: none"> <li>- The promotion of employment and entrepreneurship through the development of a integrated strategy of promotion of sustainable and socially responsible sectors and services;</li> <li>- Develop local business support and infrastructure programmes to support the creation, development and expansion of firms and organizations within the addressed sectors;</li> <li>- Develop local programmes and initiatives to further train, qualify and certify the labor force for the sectors and services to be addressed.</li> </ul>	<p>areas (manufacturing and construction). It proposes and introduces an example of developing innovative procedures for communication between businesses, schools and the various parties involved in the process of training potential employees. On the other side Monza is eager to learn further about entrepreneurship and qualification initiatives (as in Buckinghamshire), actions towards an active engagement of an ageing population (Újbuda), education and research support infrastructures towards new emerging sectors (Viborg) or sustainability initiatives at local government level (Tomares), among others.</p>
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Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
<b>Santa Cruz</b>	<p>The economy of Santa Cruz relies mainly on services. Trade, tourism, import-export, the seaport and the presence of the major political and financial institutions, as well as the most important companies, guarantee a solid economic activity and development. Even though Tenerife's economy is highly specialized in the service sector, which makes 78% of its total production capacity, the importance of the rest of the economic sectors is key to its production development. Commerce in Tenerife plays a significant role in the economy which is enhanced by tourism, representing almost 20% of the GDP, with the commercial center Santa Cruz generating most of the earnings. Although there are a diversity of industrial estates that exist on the island, the most important industrial activity is petroleum, representing 10% of the island's GDP, again largely due to the capital Santa Cruz with its refinery. Also the primary sector, which only represents 1.98% of the total product, groups activities that are important to the sustainable development of the island's economy.</p>	<p>Santa Cruz de Tenerife is amidst severe structural change. The severe economic crisis, unprecedented unemployment rates, and the near complete disaster in the construction sector are challenges that need a strategic and comprehensive approach at a coordinated scale, as it can be done under URBACT. The main problems and challenges for which INNOVA can provide solutions are as follows:</p> <ul style="list-style-type: none"> <li>- An unprecedented unemployment rate which in 2012 has reached 30.75 %. The most worrying are the social effects of this rise in unemployment, as statistics from June last year showed that 40% of the unemployed in the Canaries were beyond the end of their unemployment benefit and therefore without any means of financial assistance whatsoever. This unprecedented problem – mainly caused by the collapse of a sector (construction) for which no quick recovery is to be foreseen - calls for an innovative approach as proposed in the INNOVA project;</li> <li>- The ratio of Santa Cruz's</li> </ul>	<p>The focus of the transnational activities and of the future Local Action Plan of Santa Cruz de Tenerife will be placed on the following lines of intervention:</p> <ul style="list-style-type: none"> <li>• Enhancing organic / bio / agrofood clusters and firms focused on the production of local and unique products and goods capable of being distributed in the city and its municipality commerce and (possibly) of exporting;</li> <li>• Developing local brands and promotion campaigns linked to unique local products and goods, including – but not limited to – organic / bio products;</li> <li>• Promote ICT tools as transparency and participation enablers for the local government;</li> <li>• Promote the modernization and innovation amongst the local offer of commerce, cultural and recreation services, in order to appeal to new, more demanding, target audiences;</li> <li>• Promote the development of a “experience-based” and “sustainable” tourism, linked to local production and natural</li> </ul>	<p>The INNOVA project is an excellent opportunity for Santa Cruz to perform an ambitious work of integration of the EU and national strategic framework and the regional Urban Development Strategies (urban master plan and municipal strategy plan) using the INNOVA approach. Some of the areas currently being addressed or planned at local level and that include an obvious synergy with the areas of actuation of the INNOVA project, are:</p> <ul style="list-style-type: none"> <li>- The emergence of the sectors of tourism, culture and recreation as those with the largest potential for employment creation within the next years, as already confirmed by the trends of the last years;</li> <li>- The need to enrich and extend the offer within these sectors and to conciliate them with sustainability issues, including through the promotion of an “experience-based tourism” , the promotion of local products and brands (with an incidence in organic / bio products) and a</li> </ul>



	<p>The energy sector which contributes 2.85% has a primary role in the development of renewable energy sources. The industrial sector which shares in 5.80% is a growing activity in the island, vis-a-vis the new possibilities created by technological advances. Finally, the construction sector has always – together with tourism, which is more prevalent in the south of the island – been the core sector of local economy but has suffered immensely from the crisis that has taken the entire sector across Spain. As a result unemployment is very high at 29,79% (2011 figures) well above the national average (24,3%), and this is now the absolute top priority for the City administration.</p>	<p>population to the total population of its island and to the total of the Canary Islands has been decreasing. This factor contribute to increase the budget pressure on the local city government and the social issues, and call for a new social model;</p> <ul style="list-style-type: none"> <li>- The Trans European Transport Network process which at present excludes Tenerife which may compromise the competitiveness of its commerce and tourism industries and further increase the social pressure;</li> <li>- The need to coordinate a new and enhanced local response to the many social problems arising from the crisis, with less public expenditure;</li> <li>- The need to re-assess the tourism strategies, promoting the development of a more social and sustainable tourism model, for which an application to the World Biosphere Reserve classification of UNESCO has been made as a first step;</li> </ul>	<p>environmental context, that may enrich and diversify the current offer in terms of tourism (too much based on the traditional “sea &amp; sun” model), profiting also from the (pending) classification of the Island as World Biosphere Reserve by UNESCO;</p> <ul style="list-style-type: none"> <li>• Develop local business support and infrastructure programmes to support the creation, development and expansion of firms and organizations within the addressed sectors (organic / bio food, tourism, culture and recreation) among others;</li> <li>• Develop local programmes and initiatives to further train, qualify and certify the labor force for the sectors and services to be addressed.</li> </ul>	<p>quality increase in the city offer of services;</p> <ul style="list-style-type: none"> <li>- The pending application of the city of Tenerife to the World Biosphere Reserve classification of UNESCO, and the tourism potential it encompasses;</li> <li>- The planned initiatives in terms of infrastructure (Economic zone “Cuevas Blancas”, the Science and Technology Park, wifi zones) and business support (within the “Support to clusters” and “Santa Cruz Activa” programmes and in particular the measures “Club de Empresas / Companies’ Club” and “Laboratorio de Emprendimiento / Entrepreneurial Lab”);</li> </ul> <p>Santa Cruz can benefit from the INNOVA network in order to better study good practices in the above areas, such as in sustainable tourism development (Seia), infrastructure development (Viborg and Buckinghamshire) or entrepreneurial and qualification programmes (Monza).</p>
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Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
<b>Bisceglie</b>	<p>The Municipality of Bisceglie is the third biggest city in Apulia for number of inhabitants (54.847) and the city most densely populated (800,9 inhab./km<sup>2</sup>). It is also the third municipality with the highest average per capita income (€ 7.054,00). One of the leading sectors of the economy is the agriculture and in particular the cultivation of cereals, wheat, vegetables, various kinds of grapes, olives, citrus and other fruits. Developed industries are textiles and clothing, flanked by companies operating in the food sectors (including dairy and the preservation of fruit and vegetables), construction, metals, wood, building materials (including glass), fishing and fish farming, production and distribution of gas and electricity. School facilities allow attending classes and compulsory vocational schools including industrial and commercial, a technical institute and a commercial and scientific high school. An important aspect of the local economy of Bisceglie in recent years, has certainly been the tourism in all the different facets (sea, history, culture,</p>	<p>With an overall figure above 10%, unemployment is still the problem number 1 in Bisceglie as it is all across Apulia, and the involvement of the city in INNOVA is a direct reply to this concern. Other problems and challenges felt in Bisceglie and for which INNOVA is expected to provide answers, are:</p> <ul style="list-style-type: none"> <li>- Emigration of youth with high technical-professional competencies;</li> <li>- Social pressure from growing unemployment, immigration</li> <li>- Lack of planning of the industrial district.</li> </ul> <p>Bisceglie expects that INNOVA will contribute to face the following challenges:</p> <ul style="list-style-type: none"> <li>• Tourism potential- especially in rural, cultural, sustainable tourism – still largely unexploited and with growth potential</li> <li>• Linkage between costs and agricultural land with a view to seasonal adjustment of tourism</li> <li>• Valorization of typical products to penetrate the global markets, especially under the bio/organic food sector</li> <li>• Consolidation of commercial</li> </ul>	<p>The transnational activities and the focus of intervention for the future Local Action Plan of Bisceglie will be along the following lines:</p> <ul style="list-style-type: none"> <li>— Promotion of the sustainable and efficient use of natural resources, guaranteeing environmental sustainability and adequate levels of environmental services for the public and for the enterprises. Special attention will be paid to optimizing an integrated cycle of water and waste resources, as well as prevention of soil erosion, and promotion of organic and bio techniques for the agrofood sector, as well as consideration of bioenergy sources;</li> <li>— Promoting a socially-driven economy, namely by creating new enterprises in the social care and health sectors that can contribute to guarantee wellbeing and safety of the region's inhabitants and generally to improve conditions affecting development, as well as create employment. Regional priorities will therefore be focused on a)</li> </ul>	<p>The on-going strategies at Bisceglie set as a vision a city that faces agriculture, tourism, small and medium-sized enterprises in manufacturing, commerce and services, as the levers of economic and employment growth. A city attentive to young people, but that protects children and supports the elderly as a resource-oriented social inclusion of vulnerable groups in a logical recovery and prevention rather than mere assistance. A city with services, spaces and public facilities, the result of urban design quality and wide-ranging. A city that assumes the old town and its port as an expression of its identity and so intimate as carriers and characterizing its growth path. This vision and its achievements will be shared with the other INNOVA partners.</p> <p>The main mission for the Local Administration is to be the driving force of the growth, development and promotion of the territory of the Community established, ensuring maximum attention and</p>

	<p>entertainment, wine and food). In this context of expansion, considerable importance was the birth of several consortia of local private players, whose main objective was to publicize the area of Bisceglie throughout the country through participation in synergy with the local administration, in fairs and exhibitions specializing in tourism. Unemployment is above national figures, with 10,7% unemployment in Bisceglie against 8,9% in Italy (2011). The figure has been relatively stable over the last years. Agriculture, after a setback in 2004 with 160 jobs less than in the previous period, indicates a steady increase in both 2009 and 2010. A similar situation is provided by the industry, where 2004 is the year with the worst record, but the time span from 2002 to 2010 recorded an overall increase of 538 jobs. The services sector, which have become important sector of the local economy, have evolved with a peak of resources used from 2002-2004, a decline in 2009 and a leap forward in 2010.</p>	<p>urban commerce with high-quality and comfort standards, as a response to the pattern of shopping malls</p> <ul style="list-style-type: none"> <li>• Strategies for wide-area relationships and collaborations with other European and non-European to accompany the expansion and consolidation of local production</li> <li>• Demographic trend, so far positive but with an increasing ageing population (+ 65 went from 14,8% of population in 2002 to 16,3% in 2011)</li> </ul>	<p>strengthening social and health infrastructure networks and improving accessibility to services in urban areas and other areas b) increasing care services to individuals and families;</p> <ul style="list-style-type: none"> <li>— Integrating environment and cultural policies and the tourism industry, with a priority to focus on innovative projects aimed at raising regional competitiveness by directing those working in the tourism industry towards product and market niches with the greatest value added; In promoting new forms of tourism, the regional strategy will focus on promoting the environment, the ecosystem and biodiversity.</li> <li>— Increase the capacity of administrations involved in programming and management of ERDF funds and in strengthening the involvement of the economic and social partners.</li> </ul>	<p>rationality in the use of public resources at every opportunity of obtaining external funding. In order to do so the City of Bisceglie can in particular benefit from the experience of other Partner Cities in areas such as caption of foreign investment (Lodz), support infrastructures to research and innovation, namely in the agro-food sector (Viborg), sustainable and rural tourism (Seia) or qualification of workers (Buckinghamshire).</p>
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Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
<b>Łódź</b>	<p>Łódź is currently the third largest city in Poland and along with neighboring cities and municipalities, Łódź agglomeration creates a population of more than one million inhabitants. It is a dynamic academic (aprox. 120,000 students) and research centre, but also a cultural centre.</p> <p>In view of socio-economic collapse of the Eastern market in the early nineties of the twentieth century, Łódź has entered a phase of deep structural crisis. The collapse of the textile industry, which was the pillar source of development of the city, became the cause of its collapse, and the lack of governmental protective measures for the textile industry hampered the necessary transformation processes. For many years, Łódź was the only major city in Poland, where unemployment was higher than in the region and country. The city had significant growth potential, but it was not sufficiently utilized, and opportunities perceived transformation of economic structure. Łódź authorities undertake many actions in order to improve the city attractiveness- develop the airport,</p>	<p>Łódź has identified as main challenges for the city: Improve the quality of life of the inhabitants, Reverse the downward demographic trend, Develop a sustainable transport network in Łódź and the agglomeration of Łódź, Strengthen social bonds and civic participation in the local community, Ensure efficient management of the City and Regenerate urban space. While INNOVA, as a broad range project, could contribute towards all of these challenges, it clearly fits completely within the goal of “strengthen social bonds and civic participation in the local community”. Within this broad line an envisaged field of activities is “Learning Łódź”, aiming to create an important academic and research and development centre to educate staff for investors in innovative industries of crucial importance for the development of the city, as well as support vocational education and constantly increase the talent pool in the city. Specific planned activities in this area include the “Youth in Lodz” project with the goals to encourage young people to choose Lodz for</p>	<p>Within the INNOVA project activities the City of Lodz will be mainly focused in the following issues:</p> <ul style="list-style-type: none"> <li>- addressing social issues such as the lowest participation of the local community and its involvement in the affairs of their City, the reluctance of the population of Lodz towards the local politics, the poor involvement in civic life in the city and the lack of perception of the city as a common good;</li> <li>- improving the municipal system supporting activities concerning the far-reaching social participation, cooperation with NGOs, organization of activities for seniors, and untapping the potential of existing Lodz civil society building tools, among others the auxiliary units and the city gates;</li> <li>- foster the development of innovative centres, performing the functions of civic activity incubators (activity centres, centres of co-operation between self-government organizations, citizens'</li> </ul>	<p>The city has a good background experience of participating in European collaboration projects, and has developed activities and produced results of relevance for INNOVA, such as:</p> <ul style="list-style-type: none"> <li>- Social projects aimed at fostering entrepreneurship, professional activity or job skills in particular within workers affected by the strong decline of the local textile industry (mainly women) – these areas can be further addressed within INNOVA, with a greater focus on socially responsible and sustainable sectors. The city also has experience of transnational cooperation at this level, having carried out a project for the transfer of methods with the Job Centre in Aarhus.</li> <li>- Projects (namely within Central Europe Interreg collaboration) aimed at facing the increasing demand of innovative and highly qualified workers (High Potentials);</li> </ul> <p>Some of this initiatives bear very relevant synergy with initiatives in</p>

	<p>invest in new roads and quality of railway infrastructure. As a result, and profiting from the wave for foreign investments in the promising Polish market, Łódź moved right to the top of attractiveness ratings. It became a place of interest for such powerful companies as: Infosys, BSH, Gillette, Fujitsu Services, Hutchinson and other Household equipment manufacturers as well as finance and accounting centers of well known companies. Unemployment was reduced from the 30% levels of the 90's, but it rise again over the latest years now approaching 15%.</p> <p>Łódź also constitutes a good example of advanced revitalization processes with Europe's famous Manufaktura among many. Nowadays the biggest challenges for the city are the promotion of employment and is the revitalization process of the area in the middle center of the city (circa 100 ha) which is to become a New Centre of Łódź in context of social, economic and cultural issues with impact on the whole region.</p>	<p>studying, working and living, deliver local employers and potential investors high-quality human resources and building the image of the City as an attractive venue for professional development. It is therefore expected that INNOVA activities and the future Local Action Plan will very much fall within this concrete priority, while certainly touching other strategic areas of economic and sustainable development.</p>	<p>initiatives, centres for public consultation) and improve the exchange and dissemination of information concerning the opportunities to organize various forms social activities, web database of NGOs, charitable organizations, volunteering.</p> <ul style="list-style-type: none"> <li>- consider events to promote the need for greater involvement of communities in the affairs of the city and the local government.</li> <li>- develop a qualifications and training system adjusted to the requirements of – new and traditional - employers from the city and region;</li> </ul>	<p>Partner Cities in INNOVA which can and will be further explored within the project. It is the case of the “Freedom for student initiative (film competition)” with the “Animation Workshop” in Viborg, the entrepreneurship activities with those being carried in Monza and the activities especially targeted towards young graduates to the measures being developed in Tomares.</p>
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Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
<b>Buckinghamshire</b>	<p>As far as our local economy is concerned;</p> <ul style="list-style-type: none"> <li>Buckinghamshire's industrial structure is weakening (between 2008 and 2012 our high value floor-space declined by 143,000m2 and our low value floor-space increased by 109,000m2);</li> <li>Buckinghamshire's productivity is falling (GVA per hour worked has fallen from 20.4% above the national level in 2004 to 12.0% by 2009. This 8.4% point fall was the 4th weakest of all NUTS 3 regions in the country); and</li> <li>Buckinghamshire's incidence of deprivation and worklessness is increasing (the claimant count across the ten wards with the highest levels of worklessness in Buckinghamshire – all of which are urban - having risen by 3.4 % to a new high, representing 27.1% of all claimants);</li> <li>In addition, Buckinghamshire's population is forecast to grow by 38,000 by 2031, of which only 200 are forecast to be of working age population.</li> </ul>	<p>Our expectation is that we will develop a close working relationship with a number of municipalities across Europe, to develop and share best practice on how best to encourage social responsibility to deliver greater jobs growth in urban areas. We also fully expect to participate in a number of EU events and visits; establish a Local Action Group; and develop a local Action Plan etc. We intend to work closely with our managing agent to try and shape their thinking in the way that they implement the Operational Programme.</p> <p>We also expect our local action plan will set out a tangible mechanism/ group of mechanisms that we could implement to best affect our goals.</p> <p>We expect to challenge and be challenged in our thinking on our journey.</p> <p>We recognize URBACT is an results orientated programme (not just research focused) and our ultimate goal is to build on our Action Plan to implement some of the ideas</p>	<p>The problems we are seeking to address through the LAP are;</p> <ul style="list-style-type: none"> <li>The shortage of public sector investment finance available to invest in business growth – by exploring the potential of establishing a peer to peer lending platform which will enable businesses to lend to other businesses;</li> <li>The shortage of public sector investment finance to invest in delivering business improvement activities - by exploring how we might encourage businesses to give towards extending and expanding BBF's service portfolio;</li> <li>The shortage of public sector investment finance to invest in the delivery of a range of social/community support services – by encouraging the private sector to establish more social enterprises, which are capable of service the growing market need for support</li> </ul>	<p>BBF would like to work with other USEACT partners to:</p> <ul style="list-style-type: none"> <li>Develop innovative models of involving the private sector in funding and financing growth;</li> <li>Develop innovative approaches to stimulating the social economy – as a means to both create jobs and deliver a range of public services</li> <li>Develop new strategies for stimulating business creation and start up;</li> <li>Acquire best practice models of interventions which can stimulate growth in cities with a range of complex socio-economic issues;</li> </ul> <p>On the other hand, the BBF can offer the network:</p> <ul style="list-style-type: none"> <li>Expertise in developing suitable governance structures to oversee and coordinate sustainable development strategies;</li> <li>Policy Analysis, Fundraising and Project implementation skills</li> </ul> <p>We believe BBF is an interesting partner to involve in this project because they are a public equivalent body that has started to involve the private sector in</p>

	<p>At a more macro-economic level, we foresee that the fiscal pressures in the public sector, are likely to deepen and worsen these issues even more. In response for this, we believe the opportunity exists to encourage higher levels of social entrepreneurship and CSR to deliver a range of services that have hitherto been delivered by the public sector.</p>	<p>contained therein. Given this scenario, we are seeking to develop close working relationship with our Managing Authority. This is an issue we are wholeheartedly committed to, passionate about and possess a significant amount of understanding about.</p>		<p>more detail in facilitating growth, and have a number of new ideas about how to deepen the sectors involvement.</p>
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Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
Seia	<p>Seia, in Portugal, is located in the western foothills of Estrela Mountain (Portugal largest mountainous system) in the Beira Alta Region (Centro). It has a total area of 435.7 km<sup>2</sup> and a total population of 27,574 inhabitants. The council's economy is based on agriculture (producing potatoes, cereals, apples, pears and olive oil) and livestock and shepherd activity, which leads to the famous cheese "Queijo da Serra". The industry (mainly textile) also plays an important role, along with tourism. In fact, Seia is one of the main cities of the mountain, well prepared in terms of tourism accommodation within the city with several hotels and restaurants, and an interesting Bread Museum. The city also develops a relevant and international cultural activity, with emphasis on the CINE'ECO – an International Environmental Film Festival which just had its 18th edition early October this year. The Festival welcomes narrative and documentary films from several countries for its variety of competitive and non-competitive sections, on the topics of environment, nature, culture,</p>	<p>Seia suffers from several problems common to other inland regions of Portugal. The challenge is now to reinforce the production of higher added-value textiles and the market of eco-food products. While this objective is being actively pursued, the city and region have to address two main problems, apparently contradictory, but in reality two sides of the same coin for which INNOVA can propose innovative solutions:</p> <ul style="list-style-type: none"> <li>- On one side a consistent unemployment. In recent years, the number of unemployed people in the county of Seia has been increasing, however, there have been some changes this trend – with a slight decrease since end 2009 when it peaked. The largest number of unemployed affects mostly women, the age group between 35 and 54 years old, and individuals with basic education, however, it is important to note the increase of unemployed people with higher qualifications in the last three years.</li> <li>- On the other side a lack of qualified human resources, of even unqualified ones for some “non-</li> </ul>	<p>As a result of these transnational activities there are several implementation paths that the City of Seia wishes to exploit within the INNOVA project . These include in particular:</p> <ul style="list-style-type: none"> <li>- Encourage organic farming and valorize eco products;</li> <li>- Promote the creation of a land bank, to restore areas of production in abandoned fields;</li> <li>- Form a cooperative to ensure the flow of the commodities;</li> <li>- Promote a course in organic farming practices, that basis the sustainable food production;</li> <li>- Stimulate the rehabilitation of strategic productive sectors to use local products into new projects of economic development.</li> </ul>	<p>The main motivation for the city of Seia in the INNOVA project is related with the need to design, experiment and deploy local policies for the reinforcement of the production and commercialization of eco-food products, and for achieving sustainability using traditional and natural techniques to do excellent goods.</p> <p>As such, and within INNOVA, Seia intends to investigate, analyze and share different experiences that are conducting to good practices and results on the areas of employment, urban/rural development, sustainability, integrated urban rehabilitation, and social inclusion. It also expects to:</p> <ul style="list-style-type: none"> <li>- Learn from diverse partners and from their actions plans there are being settled in very different places;</li> <li>- Refresh ideas and perspective new tendencies that can be adapted into different contexts;</li> <li>- Communicate, participate and share ideas, problems or solutions;</li> </ul>



	<p>travel and tourism, which are closely linked to the city of Seia and region of Serra da Estrela.</p> <p>In spite of all this, the unemployment rate is the highest within the region, and slightly higher than the national rate (close to 15%). The economy is suffering from the recession that hit all of the country, and most sectors are facing difficulties due to the stiff decline in internal expenditure and reduction of the number of internal tourists.</p> <p>The strategic priorities of the city council are related to the promotion of a low-carbon policy, an increase of the nature and sustainable tourism and a revamp of the agro-food sector by attracting new people to it, both as entrepreneurs and workers and facilitating the access to abandoned lands.</p>	<p>prestigious” activities but that play an important role in the local economy just as shepherds. Due to the economic crises, there is an increasing number of younger people that needs to go to other countries in order to find a (suitable or appealing) job. This is aggravated by the fact that national policies don’t value the interior regions development, their rural characteristics, their communities and the production of sustainable products. In this case the challenge lies in the promotion of ancestral activities, related to micro enterprises, tourism, textiles, agro-food production and commercialization of goods in order to both create jobs and make them attractive for local population. To do so, it is necessary to invest in training and incentives for the ancient producers, for the younger entrepreneurs and for local people that want to explore the regional characteristics and revitalize specific products.</p>	<ul style="list-style-type: none"> <li>- Analyze and understand results achieved in other cities and regions;</li> <li>- Join forces with different cities that are experiencing similar projects who can be comparable and realize a group of results that can be interesting to analyze;</li> <li>- Participate in international meetings, workshops;</li> <li>- Increment further research and building team work;</li> <li>- Radiate and stimulate actions for improving the work of partners, residents and investors in order to achieve profit from local activities there are already being developed.</li> </ul> <p>Within the INNOVA network, Seia shares most of its priorities with the City of Bisceglie and expects to benefit to the sectoral experience of Viborg in terms of research and technical support structures for the agro-food sector. It also can benefit from good practices in terms of entrepreneurship (Monza), qualification of workers and promotion of an industrial tourism (Buckinghamshire) and sustainability actions (Tomares), amongst others.</p>
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Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
Újbuda	<p>Újbuda is the 11th district of the Hungarian Capital city of Budapest and its most populous district with 137,426 inhabitants. Until the 1890s Újbuda's present territory was a field south to the historical town of Buda. Following the organization model of Hungary and of the Budapest region, Újbuda is an autonomous municipality with its own elected local government, and is within a Convergence region.</p> <p>The fundamental transformation in the economic structure in Újbuda began in the 1990s. The changes in the branch structure of the economy are characterized by the decreasing importance of the producing branches (especially industry and the building industry) in favor of services. In 2010, the primary sector accounted for 0.3% of the Gross Value Added, while this share was 0.5% in 1995. The secondary sector has also declined over the same period from 22.4% to 20.4%. Thus, the share of the tertiary sector has expanded from 77.1% to 79.2%. The economic transformation of the capital Budapest and its districts is driven by the dynamics of business, financial services and trade, with</p>	<p>As for other cities within the INNOVA partnership, unemployment and social pressure from a non-active population are amongst the most urging problems faced by Újbuda. This is indeed a pressing problem in the whole country as Hungary's labor force participation rate of 57 percent is one of the lowest in the Organization for Economic Cooperation and Development. Due to this, the municipality authorities have since a considerable time paid a great deal of attention to social aspects, and in particular to those related to an ageing population. Újbuda has the highest ratio of the population over 60 in the area of the capital, meaning that 40,000 local citizens belong to this layer of the society. This has been addressed through projects such as 'Újbuda 60+' that supports the improvement of the quality of life for the elderly in an organized way. Among other things, the 'Újbuda 60+' encourages free time activities, entertainment, cultural and public gatherings. One of the declared objectives of the professional leaders of the 'Újbuda</p>	<p>Even if the socio - economic indicators are describing the situation as relatively advantageous compared to other cities in Hungary, the district of Újbuda also faces the problems of the unemployment deriving from declining sectors due to the world - wide economic crisis.</p> <p>The job market profile in Újbuda is mostly characterized by tertiary sectors. This means that it is getting hard for the workers with lower qualification to find a job in their original branch (e.g. building industry). And the long - term unemployment has multiple negative impacts on the local services, and increases the public social expenditures.</p> <p>As such, the local LAP will be naturally focused on these issues. From institutional aspect, the scope of the LAP shall cover (1) industry actors, who are searching for employees, (2) civil organisations, who channelize the job problems of the social groups they represent, (3) universities, who can identify</p>	<p>The Local Municipality is to share their experience in reintegrating elderly people into the labour market, parallel to the implementation of "Senior Capital" project.</p> <p>Újbuda Prizma Nonprofit Ltd. Will also share their experience how a municipality-owned company can help people since long outside the labour market – therefore are not falling into the target groups of private staffing agencies – to return into the world of work.</p> <p>Újbuda also seeks to gather information on measures for promoting new sectors with a social component, namely within creative industries (Viborg), Entrepreneurship (Monza), promotion of social responsibility at local governance level (Tomares) and employment amongst special groups (Lodz), amongst others.</p>

	<p>foreign investments being mainly directed to the services sector. Over the past few years Budapest has grown into one of Europe's financial centres, but while the city is naturally a centre of services, most of those are located in the Pest districts. But the city, and in particular the Buda districts still have an important manufacturing component. Budapest became Hungary's main industrial center in the late nineteenth century, first a center for food processing, then manufacturing agricultural machinery and automobiles. By 2008, more than 50 percent of Budapest's factory employees work in metalworking and engineering, producing railroad equipment, buses, and river craft. The remainder work in textiles, electronics, chemicals, and in food processing, which is still a relevant sector. Unemployment in Újbuda is still a pressing problem, with a rate above 11% in line with the national figures.</p>	<p>60+' program is to orient the aged over 60 towards an active participation in the life of the community and society thus only falling one step shorter of an active promotion of a "socially driven economy". Within INNOVA, Újbuda expects to further promote these and other challenges.</p>	<p>economic branches where retrained work force is always needed, and (4) the Local Government playing the facilitator's role. From thematic aspect, the scope of the LAP shall cover on one hand (1) the identified target group characterised by weak access to labour market. This shall be so-to-speak a new target group, but consisting of generally accepted target groups such as young, 60+ people, people with inhabitants, women, etc. On the other hand, (2) industry branches (such as environment industry) directly or indirectly serving community purposes shall be identified in which there is and will always be a relatively great demand for workforce in the "Information Society" dominant nowadays. From operational aspect, the LAP is to introduce procedures to (1) identify acute problems of target group's members (responsible partners: civil organisations), (2) demands from side of the industry sector, (3) create new innovative technological solutions (responsible partners: universities) and (4) the Local Municipality to plan, introduce and coordinate</p>	
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			new measures, and monitor the results.	
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Partner City	Local situation regarding the topic	Main expectations vis-à-vis the network	Issue/ problem to address through the LAP	What to take / what to give to the network
<b>University “Vasile Alecsandri” of Bacău</b>	<p>The 10th partner is a non-city partner, in the case the University “Vasile Alecsandri” of Bacău in Romania. Participation of non-city partners in the Implementation Phase was since the start one of the objectives of the INNOVA partnership, and this intention has been positively assessed by the Evaluation Assessment Panel in the Application for the Development Phase. Finally, and considering the re-focus of the project on Urban Policies and the great interest raised in City Councils, 2 non-city partners have been kept, and within the framework of a close cooperation with the City / Council Authorities.</p> <p>Bacău is the main city in Bacău County, Romania. As of 2011 census, it has a population of 133.460 making it the 15th largest city in Romania. The county of Bacău was one of the most industrialized regions in the communist period and it remained Moldavia's most important industrial center ever since, with two important oil refineries amongst other sectors. But over the recent years, due to industrial decline and to unstable social situation, Bacău has gained a</p>	<p>Within the INNOVA thematic network, the University of Bacău will have as main purposed the consolidation of the link between the Educational sector and the local city authorities, in the sense that the latter could benefit from the implication of the university and is human capital in finding several solutions for the issues addressed in the project.</p> <p>A core objective for the University will also be the development of approaches for the integration of the graduates in the business and social sector in Bacău, leading to innovation, intelligent clusters and introducing the elements of a social responsible city</p>	<p>The focus of the transnational activities and of the future Local Action Plan of the University of Bacău / City of Bacău could be the following:</p> <ul style="list-style-type: none"> <li>- Contribute towards a coordination / animation of a network of schools (at all levels) in the Partner Cities, aiming to promote social and sustainable development of the cities and reviewing and promoting various projects concerning the promotion of a socially responsible culture;</li> <li>- Strengthen communication between local governments and the educational sector and address issues of educational reform having in view a greater participation of universities in urban social policies and a greater employability of students, including in social driven sectors and promotion of artnership with public and with private institutions, in order to allow the students to apply their knowledge in practical activities during their practical stages and to learn “on the scene”;</li> <li>- Address issues related to</li> </ul>	<p>Within the INNOVA network, the University of Bacău will share the experience of its involvement in projects and initiatives with other partners, also making available its academic community for reviewing and profile some of the Good Practices and Case studies in the network. On the other side, the University of Bacău will be eager to learn from all the other partners as regards policies for a socially-driven economy, paying particular attention to the evolution of the dynamics between cities and universities. University of Bacău would like to benefit from the experience of the partners and have the opportunity to see some good practices and initiatives for:</p> <ul style="list-style-type: none"> <li>- Support the start-up of new and efficient companies, including in the social-driven economy.</li> <li>- Balance the offer and the demand on labour market.</li> <li>- Facilitate the knowledge transfer between Universities and the business sector.</li> </ul>

	<p>bad reputation in terms of economic crimes. In April 2012, the unemployment rate in Bacău County was 5.40 %. The North-East Region of Romania (which includes Bacău County) also has the highest poverty rate among all the Romanian regions: 26.2% in 2010. This provides a picture of the social issues faced by the city and region.</p> <p>One of the main assets of the city is clearly its university, University "Vasile Alecsandri" of Bacău. The university is involved in promoting the educational reform, as a keystone for the social and economic sustainable development and committed to consolidate the link between the Educational sector and the local authorities, in the sense that the latter could benefit from the implication of the teachers and students in finding several solutions for the many social issues being faced.</p>		<p>promotion / education of social entrepreneurship and re-qualification of workers for the socially-driven sectors, including definition of the competences for study programmes, according to the national framework approved by the Council for Occupational Standards and Certification;</p> <ul style="list-style-type: none"> <li>- Training / qualification of social groups having in view a greater involvement in the civic life and economy (for example, work with rural communities and train their staff on the use of web sites, blogs and other ICT tools).</li> </ul>	
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## 5. The path ahead – synthesis paper on conclusions and recommendations for the Implementation Phase

The analysis of the state of the art in Section 2 clearly highlights the broadness of coverage of the INNOVA project. The feedback from the Evaluation Assessment Panel (EAP) highlights the coherence of the main objectives, while stressing the need to ensure that a focus is maintained on the key issues and that the outputs and results are concrete and relevant to the specific needs of the partners.

The overall focus of the project is the creation of jobs, as all partners face a similar challenge related to the crisis whereby key economic sectors of partner cities have disappeared and caused serious economic challenges including high unemployment rates, which by its turn induce social pressure. At a time where traditional economic models fail to provide the much needed answers to these urging problems, cities must look for new solutions, and in particular for social innovations that may boost a “socially driven sector” that can act as dynamic third way, providing the growth, the jobs and the welfare that both market economy and public sector cannot currently deliver.

The INNOVA project will be in particular focused in promoting urban social innovation for a socially-driven economy, where social innovation can meet both of the definitions below:

- “A novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals” (Phills et al, 2008);
- “Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social” (Mulgan, 2007).

But in particular the OECD definition for social innovation: **“a conceptual, process or product change, organisational change and changes in financing, and new relationships with stakeholders and territories<sup>14</sup>”**. Under the INNOVA project, partner cities will be looking for these new relationships and financing models within their urban territories and in particularly looking for:

- Actions that present a novelty and improvement character => new does not necessarily mean totally novel or unseen but rather different or alternative and/or more efficient than current practices;
- With a clear and explicit aim to solve an urban social problem;

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<sup>14</sup> OECD Forum of Social Innovations stakeholders, 2010

- Actions aimed to create social value rather than private value, i.e. gains for entrepreneurs, investors and ordinary (not disadvantaged) consumers.

It should also be noted that Social Innovation is not always motivated by an unmet social need but it can also stem from an aspiration for a different society, e.g. more egalitarian, more human or more environmental-friendly – as e.g. it is the case with the emergence of the biofood sector, which will be one of the sectors of a “socially-driven” economy to which INNOVA will devote a special attention.

But the project will also consider other sectors within this “socially driven economy” of relevance for the Partner Cities (and for Europe as a whole) such as bioenergy and other forms of renewable energy, sustainable resource management, recycling, healthcare, ambient assisted living, ageing population and childcare, promotion of fair and responsible trade, sustainable tourism or social housing market.

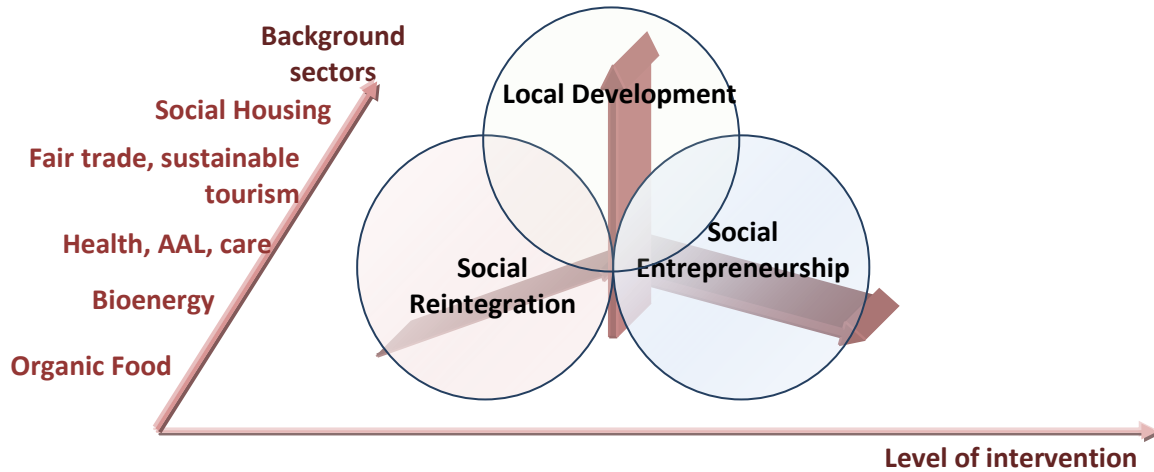
For each potential sector, where local policies can contribute to promote growth, create jobs and spread welfare, the areas of public (urban) intervention will be addressed from 3 different angles:

- strategies for **integrated local development**, through the conception – including through open and participative consultations, contestability and the adaptation of models from other sectors - the piloting, testing and learning by doing – with assessment and evaluation methods – and the scaling up - through new structures, franchises and funding programmes – of new local policies and methods for fostering the “socially driven economy”;
- strategies for promoting **social entrepreneurship** and targeting the creation of new companies, based on innovation, knowledge and sustainability and developing programmes and incentives to facilitate the creation of new entrepreneurial projects;
- strategies for **reintegrating workers from declining sectors and/or at risk of social exclusion** into the “socially driven economy”, promoting sustainability and social inclusion and lighten the burden on the public sector; this can be achieved through training, advice, incentive measures and pushing the private sector to take enhanced social responsibilities in the local economic context, by creating the right conditions, incentives and motivations;

The goal of the INNOVA project is to address sectors of the “socially driven economy” as “living labs” for new and innovative city strategies that can create jobs, promote entrepreneurship and contribute towards an enhanced and sustainable social responsible attitude within cities. Such strategies should be valid and transferable into other sectors and other cities. The scope of the project is represented below:



Figure 3 – Scope of the project



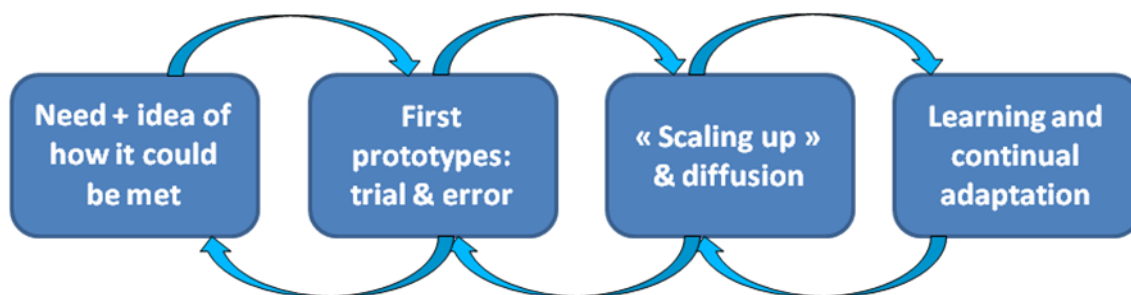
## 5.1 The Implementation approach

The implementation phase of INNOVA should be conducive to the developing of urban policy measures that may lead to Social Innovation and stimulation of the “socially driven economy” within the partner cities, resulting in the creation of jobs and the reduction of the social pressure over local administrations.

The challenge for INNOVA and the partner cities is therefore “how to boost social innovation”?

The process of social innovation is many aspects similar to other innovation processes and can be pictured in 4 main stages as in the figure below:

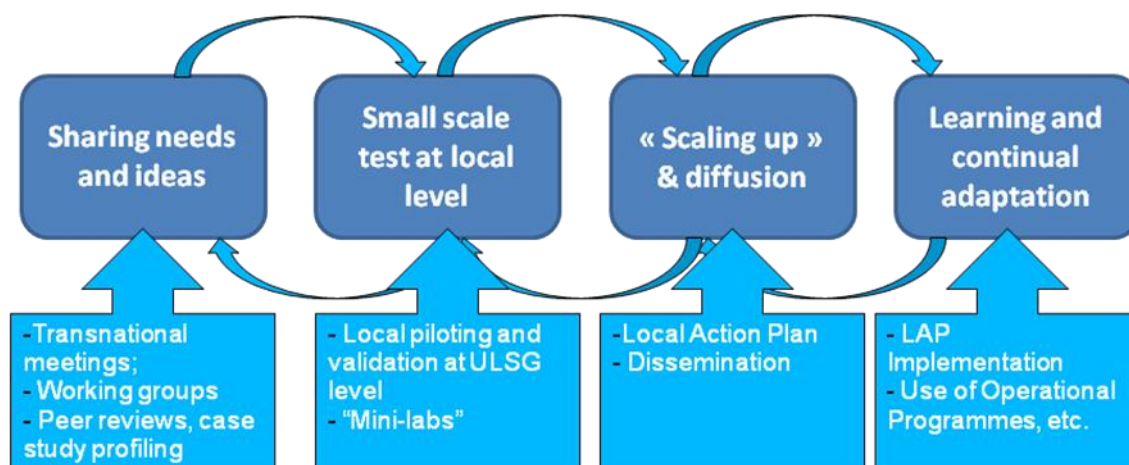
Figure 4 – The Social Innovation Process



The Implementation Phase for the INNOVA project will pursue activities to match the different stages of a social innovation process, and therefore carry out the process from inception (through cross-fertilization and networking at transnational level) to actual deployment, through funding and implementation of the actions and measures included in

the Local Action Plan in each Partner City. This correspondence between the stages of a social innovation process and the INNOVA Implementation Phase is pictured below:

**Figure 5 – The INNOVA Implementation Phase as a path towards Social Innovation**



The ways and methods through which each of the stages will be pursued under INNOVA is presented next.

## 5.2 Sharing needs and ideas within the Network

The INNOVA project is a thematic network. As such network activities should naturally be at its core. And while outputs will be local – and felt in local economies - the ideation process should be transnational and potentiated through networking activities.

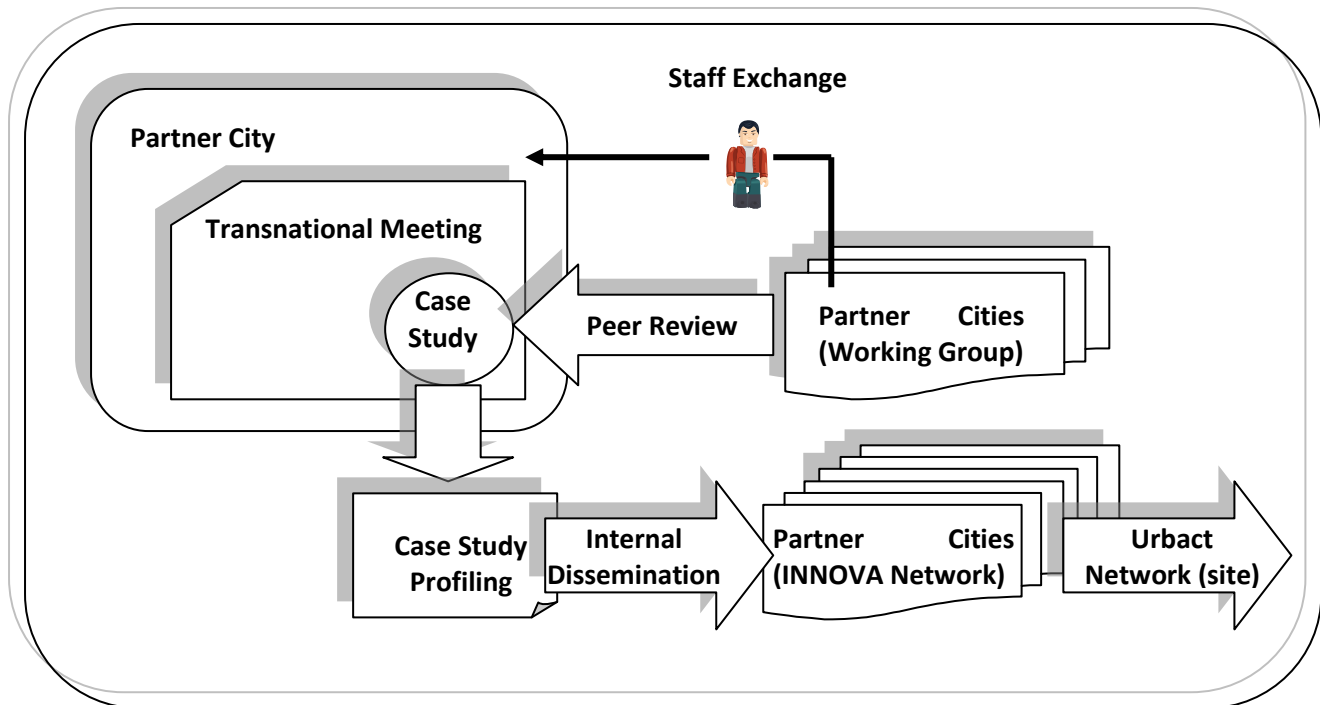
At the basis of a network are the contacts and the exchange process between its members. Within INNOVA, this will be done through a sequence of activities:

- Transnational meetings - one in each partner city, including the kickoff and the final conference);
- Working groups – to be formed by Partner Cities interested by a specific case study, in order to carry out a peer review exercise / case study profiling;
- Peer Reviews – assessment of a case study in one Partner City, done at the occasion of a transnational meeting, by other Partner Cities, members of a Working Group;
- Case Study Profiling – the result of a Peer Review, produced by a Working Group and made available to all other partners (and at a second stage to all URBACT cities);
- Staff exchanges – periods of work (minimum 1 week) of a Partner City Officer in another Partner City Council, possibly for better following up a relevant case study;

The activities above follow a predetermined workflow that starts with the organization of a transnational meeting by a Partner City including the identification of a relevant local case study, and proceeds with the creation of a working group, the carrying out of a peer review

to the case study and the publication and later dissemination of a case study profile. In addition it may also include a staff exchange for facilitating the potential transfer of the Case Study practice between the provider partner and a recipient partner. The process is pictured below:

Figure 6 – The INNOVA workflow for the “Sharing of Needs and Ideas” stage



The different steps are screened more in detail below:

#### Transnational Meetings:

Meetings will provide an opportunity for all Partner Cities to gather and discuss about the relevance of previously identified initiatives or actions (case studies) for their cities. The INNOVA implementation plan foresees up to 8 transnational meetings including the final project conference, i.e. approx. one meeting each 2-3 months, to be organized in most of the participating cities.

As meetings will be limited in terms of time, the work in advance of each meeting is of the uppermost relevance. All partners should contribute with the identification of relevant initiatives, measures, actions, studies...(case studies) under the topic, either from their own region or otherwise, that should be communicated to the other partners using the suitable channels (see picture below). For instance, in the 2<sup>nd</sup> transnational meeting of the Development Phase organized in Viborg on 25-26 September, there have been 2 case studies presented, which has been visited by all partners. The first the Animation Workshop: a beautiful example of an innovative education and business incubator

platform, that started as a alternative route for students that didn't easily fit into "traditional" courses such as arts, architecture or design and become a centre of excellence on animation and new media gathering students from all over the world and setting the basis for a cluster of new businesses (media and animation) in the city. The second the Agro Business Park, located within the campus of Aarhus University Foulum. The Agro Business Park and its activities, as well as the University (which in Foulum focus on agro sciences) are particularly relevant for one of the elected application sectors of the project (within the broader topic of "socially driven economy") which is the organic and bio food sector, extended also to the complementary field of biomass energy production. Within the Implementation Phase, examples such as these should be subject to Peer Reviews from interested Partner Cities (assembled in a Working Group) and give origin to a Case Study Profile, which would be an assessment of the relevance and transferability potential of the measure towards other cities.

The final selection of topics, and the elaboration of the agenda for each meeting is the responsibility of the Partner City hosting the conference with support from the Lead Partner and Lead Expert.

Some of the meetings might be open to external participants (e.g. experts or stakeholders in a given topic under discussion) or to the general public, adopting the workshop format.

#### Working Groups:

Working Groups within INNOVA should be dynamic subsets of Partner Cities gathered around a common interest on a specific Case Study or Good Practice. They should have a well determined purpose – assess the potential and transferability of a specific case study from one city to other cities, and ultimately lead to the inclusion of a similar or inspired action in the Local Action Plans of the working group members. As such, the number and focus of the Working Groups will not be pre-determined, but it will be dependent on the interest raised by specific Case Studies on the topic of social innovation and promotion of a "socially driven economy". Their output will be particularly relevant for the Partner Cities of INNOVA but could also represent an added-value for all the other cities within the URBACT network and even beyond it, as the Working Group outputs (the case studies profiles) will be disseminated through the Project mini-site.

It is expected nevertheless that a minimum of 3 Working Groups will be created, at least one per each angle of intervention towards the objective of promotion of a "socially driven economy", i.e.:

- A working group focused on Integrated Local Development Case-study(ies): within this context, measure(s) proposed by a Partner City related to aspects such as infrastructure (such as the Agro Business Park in Viborg), networking, company incentives and support programmes across a whole value chain (from producers to final consumers), awareness and promotion campaigns at local level, may be reviewed, assessed and profiled;

- A working group focused on Social Entrepreneurship pillar: here, the focus will be on reviewing and profiling local measure(s) to promote the creation and growth of new companies and new jobs in sustainable, social responsible areas, that may enhance the competitiveness of the cities while contributing to improve the quality of life of its citizens, and promoting an entrepreneurial mindset with application in innovative sectors at university education level. The Animation Workshop and its business incubator presented in Viborg is a good example of this;
- A working group focused Social Reintegration: here the focus will be on innovative local measures to promote re-qualification and re-integration of lay-off workers from declining sectors into the new, innovative sectors from the socially driven economy, through training, advice, incentive measures and pushing the private sector to take enhanced social responsibilities in the local economic context, by creating the right conditions, incentives and motivations;

As these are the 3 angles of intervention towards a more developed urban “socially driven economy” it is expected that Case Studies suggested by the cities in each of the 10 planned Transnational Meetings will fall under these headings and that they will attract enough interest from the other cities so that at least one working group will be created in each topic in order to review it and profile it. But as mentioned earlier, Working Groups should not be imposed in advance, but should emerge naturally throughout the project and in response to a specific Case Study which has aroused the interest of a certain number of Partner Cities, that would like to know more about it and consider its “import” into their jurisdiction. As such it is possible that more than 1 working group is created under each topic, resulting also in a higher number of Peer Reviews and Case Study Profiles. As a basic rule, each Working Group should have a minimum critical mass, which is established at 3 Partner Cities – i.e. a working group will only be created if at least 3 Partner Cities express interest in Reviewing and Profiling a Case Study suggested by another Partner City in preparation of its transnational event.

For each working group, one city partner should be appointed as Working Group Leader (WGL), and one Expert (either the Lead Expert – LE – or one Thematic Expert if deemed relevant - TE) will also be appointed to each group to assist partners in their activities. Also the City that has proposed the Case Study should be involved in the Working Group (as “hosting” city). Once established, the Working Group will then carry out the “Peer Review” of the Case Study at the time of the Transnational Meeting and will then produce a “Case Study Profile” for dissemination purposes (internally and externally to the network). The Working Group may continue its activities throughout the project, through online discussions or meetings at the following transnational events, until the inclusion of the reviewed Case Study as an action within the Local Action Plan(s) of one or several of its members.

Peer Reviews:

The first mission of a Working Group, once established, is to carry out a Peer Review of the Case Study that has been at the origin of its creation and that will be presented at a Transnational Meeting.

The Peer Review is an assessment methodology realized in the form of external evaluation implemented by peers (i.e. subjects running similar activities to those which are being reviewed) with the aim of obtaining feedback on a certain subject. The Peer Reviews to be implemented in the INNOVA project will build on the following Good Practice:

- ❑ The need for good selection of reviewers from the part of the Partner Cities, keeping in mind similar backgrounds among peers, represents a sensible issue and a successful factor to the extent of the final result of the review;
- ❑ The full commitment of the host city, which is presenting a Case Study to others, and of the organizations or persons involved in the Case Study;
- ❑ The presence of an external 'facilitator' is also strategic for smooth implementation of the process. The facilitator may cover a large range of activities, from simple coordination to concrete animation of visits, discussion and interviews. This role will be played by the Expert assisting each Working Group, either the Lead Expert of a Thematic Expert.

Within INNOVA, the Peer Reviews will follow a three-step structure (preparation phase setting the ground for the exercise's proper implementation, a consultation phase where the actual review session takes place and a reporting phase where evaluation results are delivered and translated into recommendations – the Case Study Profiling). Key Actors of peer review process will be:

- ❑ The Hosting Cities: the majority of the Partner Cities will organize a Transnational Meeting and suggest in advance one or more Case Studies for reviewing (as it was already the case in the 2<sup>nd</sup> meeting of the Development Phase in Viborg, with the Animation Workshop and Agro Business Park<sup>15</sup>). However, not all the Case Studies may originate a Working Group and consequently a Peer Review. Only those Case Studies for which a minimum of 3 other Partner Cities express a formal interest in reviewing, will be subject to a Peer Review. Whenever this is the case, the Hosting City will also join the Working Group and will prepare the review in conjunction with the Expert;
- ❑ The Partner City Peers: for each peer review a team of a minimum of 3 “peers” nominated by the interested Partner Cities will visit and review the Case Study. The nominated “peers” may be City Officers, members of a ULSG or external

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<sup>15</sup> Meeting Report available at: <http://urbact.eu/en/projects/innovation-creativity/innova/homepage/>

experts engaged by the cities. As a Working Group they will gather the necessary info in the case study in order to be able to profile, and may continue to discuss the case within the Working Group, eventually leading to its inclusion as an action within their respective cities Local Action Plan.

- ❑ The Expert: for each Working Group / Peer Review, an Expert (either the Lead Expert or a selected Thematic Expert) will coordinate and facilitate the exercise, acting as link between the Hosting City and the Partner Cities.

### Case Study Profiling:

The outcome of the Working Groups and of the Peer Review will be a set of “Case Study Profiles” – in a minimum of 3, i.e. one per each angle of intervention of the project.

The Case Study profile will be an assessment of a particular measure, initiative or action contributing to the development of an urban “socially driven economy”, presented by a Partner City in a transnational event and reviewed by other Cities. It should in particular focus on the relevance, impact and transfer potential of the measure for other cities – not only for those that have reviewed it, but for all other Partner Cities within the INNOVA project and even for all URBACT cities.

As such, it should be a focused, light, “journalistic style” document, but including relevant facts and data and suggesting concrete steps towards adoption in other cities. The case study should be developed by all Working Group members, with the assistance of the Lead Expert and further thematic expertise is judged necessary. It should contain in itself the basic information to allow a Municipality to decide, in a quick glance, if whether the profiled measure is potentially interesting for local implementation, and as worthy of more attention. As such a Case Study Profile should include as minimum the following information:

- presentation of the selected measure
- examples of its implementation, including costs
- information regarding its results — impact analysis
- recommendations for its implementation in other Cities including whenever possible an initial cost-benefit analysis

### Staff-exchanges:

To complete the activities at the stage of “Sharing needs and Ideas” a staff-exchange scheme will also be implemented within the Implementation Phase of INNOVA. This will allow City Officers from one City to spend one period (minimum 1 week) working in the City Council of another Partner. The measure is expected to be particularly relevant as a follow-up of Working Group activities – it may as such be used by one city to further investigate about the potential of a specific measure from another city, previously subject to a Peer Review and Case Study Profiling.

### 5.3 Small scale test at local level

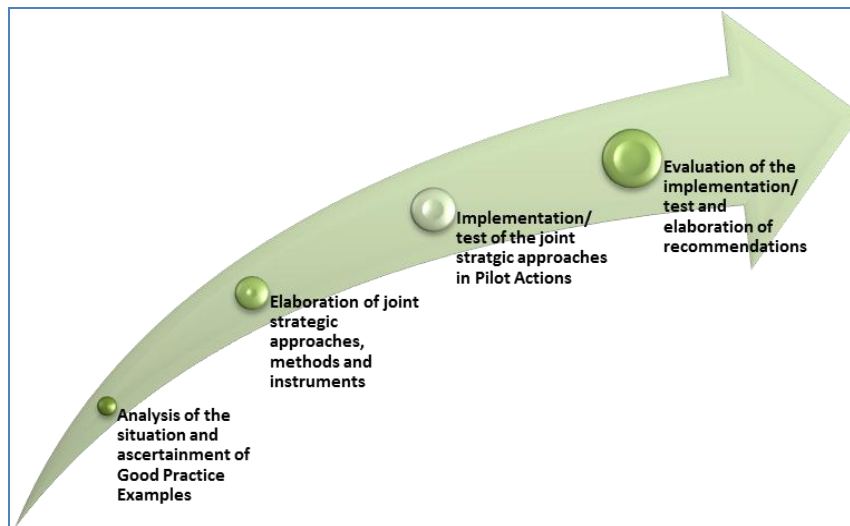
The following stage within a Social Innovation process – and consequently within the INNOVA Implementation Phase – is moving into small scale experimentation of the most relevant ideas learned during the previous phase.

Within INNOVA, this experimentation stage at local level can be done in two complementary ways:

- Within the context of the URBACT Local Support Groups, where ideas for new measures learnt from other cities and that may be included in the Local Action Plan, are thoroughly debated and perfected with local stakeholders;
- Through an actual small scale test implementation of the measure within a limited and controlled context – e.g. within a special target group or involving a limited number of organizations and/or users. This “mini-lab” concept will be introduced under INNOVA and financial resources will be put aside to enable its use by a limited number of partners (2 or 3 at the most).

The final outcome, of either step above or both combined, should be a validation of a possible policy actions and a set of recommendations for implementation that should be taken on board within the Local Action Plan. The process as a whole is pictured below:

Figure 7 – The validation process within INNOVA



The URBACT Local Support Groups will have a particular relevance within INNOVA – also considering the nature of the addressed topic and what it implies in terms of civil society and local stakeholders engagement.

Each city is characterized by different social, cultural, economical and political conditions. Therefore, the specific set of the city’ social responsible Urban development, and the form



they will take will be customized to the unique urban circumstances, competencies, opportunities and challenges, that must be characterized with the support of local stakeholders. A viable “Socially Responsible City” or any of its components will most likely not be architected by a single professional or urban department. Rather, it will be the outcome of a collaborative process which involves the talent, insights and perspectives of all stakeholders – council officials, senior citizens, local business people, academic, artists – i.e. the Local Support Groups (LSG) in each city. At a time where user-led and open innovation concepts are increasingly being adopted through organizations around the world, including also city governing boards, the role of Local Support Groups as an open innovation practice should be highlighted. The Local Support Group from a URBACT project partner city represents the end users, for which Urban Development Policies, within the Local Action Plan, are conceived. And as one of the central roles of the Local Support Groups will precisely concern design and implementation of the Local Action Plan, which include actions directed to them and that will affect their lives, this is indeed an open innovation process, with a committed participation of end-users that is being fostered by the URBACT programme, in what is a pioneering initiative at the level of European Programmes. It is expected that within the INNOVA project the role played by local stakeholders in the conception and deployment of the Local Action Plans will contribute to changes in the governance landscape, with the introduction of new bodies, or at least a change in attitude, with better communication of policies. The role of the Local Support Groups will be enhanced throughout the project and the ultimate goals would be that they shall become permanent structures with a well defined role (advisory or other) in each city. In this process the INNOVA partners can learn from URBACT benchmarks such as Stoke-on-Trent, which participation in the URBACT project UNIC has resulted in the temporary Local Support Group giving origin to the permanent Ceramic Development Council.

The “mini-labs” on its turn, can be seen as a further evolution of the Local Support Group concept – moving one step further towards implementation, by enabling a city the chance to actually experiment the implementation of a certain measure with a certain number of stakeholders (possibly, but not compulsory, LSG members) and for a given time. Obviously, implementing “mini-labs” has more demanding requirements than managing a Local Support Groups: first it involves a stronger degree of maturation regarding planned policy measures (or actions), as the goal is not only to discuss them but to actually test them on the field (although with limited means). There must therefore already exist a certain degree of conviction about the appropriateness of a certain measure for a given city before moving to this phase. Second, it is of course more costly and therefore its usage must be limited to fit within the available budget of an URBACT Implementation Phase. But it is expected that within INNOVA at least 2 or 3 of such mini-labs can be implemented, in different Partner Cities, depending also on the possibility to find complementary funding sources.

#### **5.4 Scaling-up and diffusion**

Once a process is validated – through the URBACT Local Support Group or further through a “mini-lab” – the next step will be to “mainstream” it into the policy making process of the City Council. Within URBACT and INNOVA this process will be done through the preparation

of the Local Action Plan in each city and respective dissemination at both local and European level.

The Local Action Plans will naturally reflect the diversity of contexts and policy approaches in the different cities involved in the project and should aim primarily at local needs. But as they are the result of a shared process they should also bear a common identity (the INNOVA identity) amongst them. Local planning should address the dynamics of a social responsible economy, with a particular focus on the creation of jobs and the improvement of the overall quality of life of citizens, and not only the traditional profit orientation of a market oriented economy. This should be the main orientation guide throughout the whole project and actions developed, studied, validated and consecrated on the final Local Action Plans, while aimed at growth, should clearly have a social component and not be guided by mere economical indicators.

Once the Local Action Plan concluded, an important focus on each city should be placed in its broad dissemination, including the organization of a local conference that will contribute to mobilize relevant stakeholders and the population in general for its implementation.

## 5.5 Learning and continual adaptation

The INNOVA Implementation Phase does not cease with the signing and dissemination of the Local Action Plans in the different cities. Within the few months until the formal conclusion of the project, and in particular beyond it, the greatest challenge for INNOVA cities lies in the effective implementation of the actions planned, resulting in the envisaged impact and ultimately in the reduction of employment and overall improvement of quality of life.

The implementation of the Local Action Plans will mainly be a local process, to be carried out in each city in cooperation with the Managing Authorities that may fund the planned actions. But the activities that will stem out of the Local Action Plans must not become isolated ivory towers in each city. They must be connected continuously to each other as well as be integrated in all cities' flows, and linked to the actions in other cities too, so that the mutual learning process may extend beyond the conclusion of the 33 months Implementation Stage and deployment of Local Action Plans. Throughout the Implementation Phase of INNOVA the cooperation links between the partner cities should be permanently developed, both within the Thematic Network activities (through transnational meetings, joint events, sharing of online information, etc.), and also through other cooperation activities beyond the project. Such collaborations, that may evolve all or some of the INNOVA partners, should exploit the links between cities in areas complementary to the topics of INNOVA, possibly under the framework of other European Initiatives and programmes. Finally, as a ultimate goal, it is sought that City Partners will formalize their cooperation beyond the conclusion of the INNOVA project, eventually as an European Association of Social Responsible Cities. As a benchmark, within the former UNIC project from URBACT, the participating cities have signed, at the end of the project, a

charter for further cooperation, which has already resulted in the creation of a European Cultural Route of Ceramic Cities involving the former UNIC City Partners.

## 5.6 The results – Urban Social Responsible Policies at local level for an enhanced socially driven economy that create jobs and improves urban quality of life

The INNOVA project comes at what can be defined as dawning era of social innovation, in which more people aspire to tackle old problems in new ways with new tools. This Baseline Study draws the starting point for the INNOVA as a network of cities concerned with social problems – especially unemployment – and looking for innovative solutions. The profile of the cities involved in the project shows that there is already a basis on which to build from. Some cities have begun to widen their development strategies beyond the traditional urban planning sectors and methods and are also aiming at strategies for innovation beyond science and technology to encompass services and social organisations. Some have deliberately introduced new teams within government to act as catalysts for creativity, while others have introduced enhanced support for individual social entrepreneurs, community projects and pilots.

But it is also a fact that all of these still falls short of what is needed, and without a shift in scale that allow social innovations to evolve and spread, most experiences will not reach a significant impact in terms of job creation or mitigation of social problems and costs. The INNOVA thematic network provides the necessary framework for cities to discuss, share, experiment in a small scale and collaboratively plan for this shift in scale that may boost socially driven local economies through social innovation. This will be done through a focus on **dynamic collaboration**, following the implementation models described in the sections above.

In order to succeed, and achieve the ambitious impact goals that they have set themselves with the project, INNOVA cities, in addition to a full commitment towards the defined dynamic collaboration model within the network – that will hopefully provide them with the tools and inspiration for better policy action at local level - will need to nurture 3 additional factors:

- a solid and sustainable collaboration among and between funders and local actors, which within INNOVA will be established through the Local Support Groups, which should become sustainable infrastructures that give local stakeholders space to innovate and propose bold approaches that cut across traditional approaches;
- a commitment to continuous measurement of impact and to adapting to changing conditions, open to drive public and private sector funding streams away from traditional approaches and applying them to innovative solutions;
- and resilience, or the capacity to stay focused long enough to transform the problem – which is clear a long term problem that requires long-term approaches, in lines with the timeframes designed for the INNOVA project.

If INNOVA cities manage to accomplish all 3 while remaining committed to the dynamic collaboration process planned, they will certainly reach the impact they sought. While it is

not for the Baseline Study to provide solutions for the problems identified – as solutions should only come through the implementation of the collaboration – it is expected that INNOVA cities will pursue their path towards more socially responsible cities with more dynamic socially driven economies, through intervention is topics such as:

- the creation of more developed markets for social solutions,
- opener competition,
- further decentralisation of power and funding allowing communities greater freedom to shape their own solutions along with shared knowledge, measurement of results and development of peer networks,
- and promotion of a stronger collaborative schemes bringing together practitioners, policy makers, and social entrepreneurs to discuss new possibilities and changing needs.

Furthermore it is also expected that the dynamic collaboration under which INNOVA cities will engage will result in:

- More Social Responsible Cities, through the planning of actions leading to more and better employment opportunities for its inhabitants and aiming at an overall increase of the quality of life;
- The establishment of permanent forum of international cooperation between partners, as a network of Social Responsible Cities, and to the launch of spin-off collaborative projects at trans-national level, involving two or more City Partners in areas complementary to those of INNOVA;
- The set-up of permanent Open Participation structures in the Partner Cities, building on the Local Support Groups created for the project and promoting an open, participatory governance system;