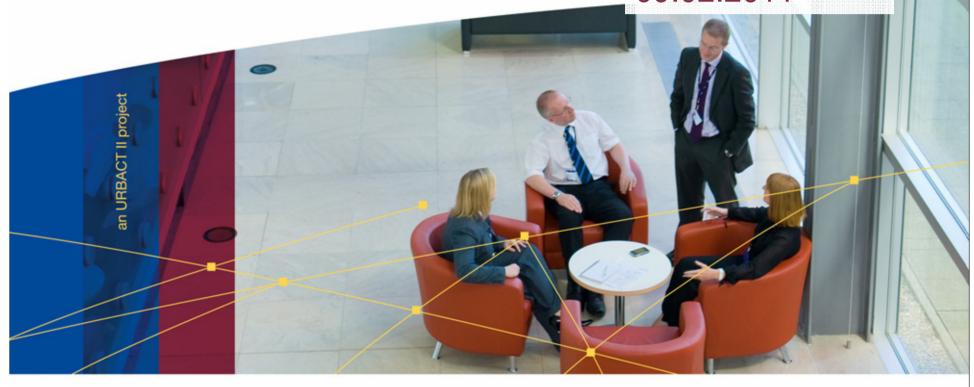


Integrated urban actions for fostering and financing innovative economies and SMEs Network with MA Brigitte Brück, City of Leipzig 09.02.2011









## Initial Situation Project 1 - micro-credit

**Objective:** initiation of complementary financing models that are closely linked to local consulting services and costumized to small-scale companies

Initial situation at the beginning of the project: program of the State of Saxony with restrictive entry requirements consulting services only upon application transaction authority is not located in Leipzig

**Project partners**: City of Leipzig and Savings Bank (Sparkasse) with ugb- Startup Center, Chambers

Contact: Saxon State Ministry for Economic Affairs, Labour and Transport (SMWA); SAB (central development agency of the Free State of Saxony)







### Results Project 1 - micro-credit

Start the micro-credit program as a pilot project Leipzig (from 05/2010 - to 01/11:

113 interested persons/consultations, 30 granted loans) Use of the national program, <u>without</u> regional bond

new partnership with KIZ gGmbH and DMI (German Microfinance Institut) Municipality holds consulting services, technical support from new partners financially backed up by the municipality and the savings bank Leipzig

## Experience, status Februar 2011

Local micro-credit meets demand new requirements on partnership models, structures, ressurces (Necessity of specific program-based organizational structures)

#### Barriers:

applicable law / responsibilities / powers (constitutions of the chambers, Municipal Law, Banking Law, etc.)







### **Initial Situation Project 2**

#### **Objective:**

development / improvement of consulting services, especially for BioTech startups and companies, individual offers, access to further experts and expertise (nationwide)

#### Initial situation at the beginning of the project:

Leipzig – a young high-potential BioTech location stabilization of the development is essential access to technical expertise and finance above local offers is crucial

**Projectpartner**: City of Leipzig, Savings banks holding company (S-Beteiligungen) / Founder Technology Fund Saxony (TGFS), Bio-Net Leipzig, SMILE.medibiz, BIC Leipzig GmbH

Contact: BioSaxony, Ministry of Economic Affairs, Labour and Transport, Ministry of Education and Sience, Saxon Development Bank







### Results Project 2

close networking Bio-Net, Leipzig – BioSaxony, Saxony better access to network services expansion of qualified foundation support above all by SMILE.medibiz (ugb - Partner)

in 2011 - new location for established biotech companies

## Experience

good cooperation with Managing Authorities federal and state programs (innovation / technology transfer) meet the needs of industries focus is still on access to finance for further growth and internationalization - in Eastern Germany





# Financing models remain leading theme



#### **Justification**

Leipzig - City of small/micro -sized companies, priority on media & creative businesses, Potential for growth not optimized

Challenge: financing options for project-related tasks

Barriers: "traditional corporate policy"

new approach: investment in ideas and creative personalities

but: small(er), chanci(er), late(r) returns on investment, focussed on

industry-based needs

(See: EU study, the entrepreneurial dimension of cultural and creative industries, Utrecht School of Arts, objectives of the Federal Initiative culture and creative industries)

# New approaches to MA – City Projects

financing requirements of small companies is NOT a local issue good perspectives for small-scale regional models Prospects good, see regional programs:

Design / Netherlands; Brabant, Creative Economy / Upper Austria, etc.





# Financing models remain leading theme



#### Recent Developments

#### PHASING OUT

Concentration of funds (on larger projects, higher investments) No room for small-scale financing models and funding offers in cooperation with the regions / municipalities

#### **Conclusions:**

Focus lies on leading companies Mirco companies are not adequately considered no integrated approach

#### Concerns

regulations continue to exclude small companies weakening of the established regional economic structures (decline of business formations, employment level, economic growth,...)

Consequence: weakening of Region/ business locations





# Conditions for financing models



## Cooperation MA - Regions / Cities

**Target**: Complementing successful state programs according to regional needs and industry-specific requirements

# Necessary conditions for success

Knowledge overview and in detail more sophisticated view of economic development comparison on the situation of the industries (international/national/local) Development of cooperation on equal standing (Country, region, municipality)

Continuity, stability and quality in exchange



Implementation of the integrated approach creating organizational, technical requirements

Chance of success:

More efficient use of resources → Economic Growth





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