

CREATIVE METROPOLES

Situation analysis of 11 cities

Final report



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Introduction

The project Creative Metropoles is a network project connecting 11 cities. The partnership of the project is constituted by municipalities and development agencies of 11 metropolitan cities in Europe, which play a central role in the economies of their regions and countries. Those cities are:

1. Amsterdam
2. Barcelona
3. Berlin
4. Birmingham
5. Helsinki
6. Oslo
7. Riga
8. Stockholm
9. Tallinn
10. Vilnius
11. Warsaw

The study question underpinning the Creative Metropoles network project is *'How can creative metropolises (cities) strengthen the capacity and effectiveness of public support to unlock and support the economic potential of the creative economy'*. From the research point of view the Creative Metropoles Project is a comparative analysis, where the unit of analysis is the *urban policies* adopted to strengthen the economic potential of the creative economy.

The following five topics are the focus of the project:

- General architecture of public support for creative industries (Theme 1);
- Public support for enhancing business capacity and internationalisation of creative industries (Theme 2);
- Developing urban space and creative city districts (Theme 3);
- Financing of creative industries (Theme 4);

- Demand for creative industries products and services (Theme 5)

These 11 cities differ in their approaches to the creative industries as their experiences of developing and supporting these industries vary considerably. Therefore, when compiling the methodology for the situation analysis, researchers considered the following issues important:

- As there are different terms and approaches in use in the 11 cities, a multiple concept approach was chosen as the theoretical basis for the situation analysis. The term 'creative industries' (CI) is used as a general term throughout the whole project (i.e. in the analysis) without reference to any particular concept;
- The methodology chosen had to reckon with the different development stages reached by the partner cities. On the one hand, the methodology had to be suitable for the cities that have years of experience in developing their CI; on the other hand, also for those cities making their first steps in this regard;
- Understanding the context of each city was considered highly relevant and therefore a qualitative and rather open approach had to be chosen to understand the policies behind the development of, and support for CI, in the cities;
- The goal when developing the methodology was to understand the CI policies in the 11 cities. The focus of analysis is urban policies and practices supporting creative industries in partner cities. A comparative overview of the cities was expected to result.

The qualitative, structured and semi-open questionnaire – the template for the situation analysis of the 11 cities was compiled, and consisted of the following four sections:

- A) The general architecture of public support for creative industries
- B) Collecting examples of best practice from the urban policies supporting creative industries in the selected themes
- C) The criteria behind the decisions and strategic choices of creative industry policy
- D) Background data

Part A – The general architecture of public support for CI was split into two main parts: (1) the description of the general architecture of public support (including the aims and focus of CI policies, organisation of support, etc.), and (2) the description of concrete measures supporting CI.

Part B – Collecting examples of best practice from the urban policies supporting CI in the selected themes – the cities were asked to describe 5 examples of best practice in line with the main themes of the project.

Part C – The criteria behind the decisions and strategic choices on CI policy – the city representatives were asked to explain the reasoning and the approach behind the strategic priorities (sectors, clusters, etc.) in their city.

Part D – Background data – the representatives were asked to provide an overview of the general situation concerning CI in facts and figures in the city. See also the template in Appendix 1.

The situation analysis was among the first activities implemented in the Creative Metropolises Project. It started in January 2009 and consists of the following stages:

- Gathering general background information on the 11 cities (how CI is defined in the cities, which terms are in use, the existence of CI strategies, policies, etc.);
- Preparing the methodology – the template – for the situation analysis of 11 cities, including the presentation of the draft ideas of the methodology at the project kick-off meeting in Oslo (in March) and compiling the final template for March 31st;
- Carrying out the initial analysis based on partially complete templates. Compiling the interim report of the template covering parts A and B by August 31st;
- Completing the report on the situation analysis of the 11 cities (for October 31st) and awaiting feedback and comments from the cities;
- Finalising the report until mid-February 2010.

The methodology was composed and the situation analysis of 11 cities was carried out by eight researchers working in close cooperation. The research team included members from 3 different cities, and was made up of:

- Robert Marijnissen, Amsterdam, Institute for Metropolitan and International Development Studies (AMIDSt), University of Amsterdam;
- Dieter Haselbach, Berlin, Infora Consulting Group Culturplan;
- Silja Lassur, Külliki Tafel-Viia and Erik Terk from Tallinn University, Estonian Institute for Futures Studies; Tarmo Pikner from Tallinn University, Estonian Institute of Humanities, Aili Vahtrapuu from Tallinn University, Institute for Fine Arts, and Indrek Ibrus from Tallinn University Baltic Film and Media School.

PART 1

Theoretical framework of the project

1.1 Standpoints for the situation analysis

1.1.1 What are considered “creative industries”?

A variety of terms, which relate to the development of creativity and culture, have been put to use in the context of urban and state development. They include *cultural industries*, *creative industries*, *copyright industries*, and *content industries*. These terms have different meanings and scope, and are used in different ways in various contexts, a situation that has resulted in extensive debate and even controversy.

The label *creative industries* was first used in Australia to signpost the significant interface between commercial cultural activity and the emerging new media driven by technological change (Foord, 2008, 94¹). Cunningham (2002) argues that the label brought the enterprise dynamics (risk-taking, self-starting, idea-driven, and lifestyle-based) of arts and culture to the forefront. In the United Kingdom, the term creative industries was extended in the 1990s to highlight the economic contribution of commercial cultural production, leisure activities and entertainment as well as the economic potential of many subsidised cultural activities (DCMS, 1998²). The definition of creative industries by the UK's Department of Culture, Media and Sport (DCMS) can be considered as one of the most widespread and most exploited definitions of creative industries. Creative industries were defined as “those activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, 1998). Flew (2002, 2) has claimed that the formal definition originates from the Blair Labour Government's establishment of a Creative Industries Task Force in 1997. The definition included a wide range of activities such as: advertising, architecture, the arts and antique market, crafts, design, designer fashion, film and video, interactive leisure software, music, performing arts, publishing, software and computer services, radio and television.

The dominant approach in the United States of America promotes viewing creative industries as ‘arts-centric businesses’, defining creative industries as

¹ Foord, J. (2008) Strategies for creative industries: and international review. *Creative Industries Journal*, 1 (2), 91-113.

² Department Culture, Media and Sport (1998). *Creative Industries Mapping document*. London, DCMS.

'both for-profit and non-profit businesses involved in the creation or distribution of the arts (Americans ..., 2009³). Foord (2008, 94, 95⁴) argues that this definition purposely blurs the distinction between commercial enterprises and non-commercial arts and cultural activities. Still, as Caves (2002) states, the privatised fundraising regimes of non-profit art and culture organisations places them closer to the enterprise economy than European state-funded cultural institutions.

There is also quite an active discussion on the differences between 'cultural' and 'creative' industries. For instance the United Nations (UNACT, 2004⁵) has made a distinction by including among creative industries those that derive value from copyrighting and distributing creative content, while cultural industries generate content through 'traditional arts', e.g. visual and performing arts, literature, etc. The KEA Survey (2006)⁶ has similarly distinguished the cultural and creative sectors; the *cultural sector* in the KEA Survey comprises traditional arts fields and cultural industries, whose outputs are exclusively "cultural". The following fields of activities are included: visual arts (crafts, paintings, sculpture, photography, etc.), performing arts (theatre, dance, circus, festivals, etc.), heritage (museums, libraries, archaeological sites, archives, etc.), film and video, television and radio, video games, music (recorded music performances, revenues of collecting societies in the music sector), books and press (book publishing, magazine and press publishing).

The KEA Survey (2006) also distinguishes "content industries" which are referred to as distinct from, although complementary to, the Information and Communication Technologies (or ICT) sector. The expression is used to describe the industries which produce "information content products", digital or otherwise. Looking at the activities encapsulated, we can discern 3 fields: information technology (goods and services including manufacturing), telecommunications (goods and services including manufacturing) and information content activities (film production, information services, media, etc.).

The World Intellectual Property Organisation⁷ (WIPO) uses the term 'copyright industries' and has defined these as: industries involved directly or indirectly in the creation, manufacture, production, broadcast and distribution of copyrighted works. According to this approach, the core copyright industries include the following activities: press and literature, music, theatrical

³ Americans for the Arts. Congressional Report on the Creative Industries (2009), available at: http://www.artsusa.org/information_services/research/services/creative_industries/default.asp

⁴ Foord, J. (2008) Strategies for creative industries: and international review. *Creative Industries Journal*, 1(2), 91-113.

⁵ UNCTAD (2004) *Creative Industries and Development*, United Nations, available: http://www.unctad.org/en/docs/tdxibpd13_en.pdf

⁶ The Economy of Culture in Europe, KEA European Affairs 2006.

⁷ Guide on Surveying the Economic Contribution of the Copyright-Based Industries, World Intellectual Property Organization (WIPO), Publication, Geneva, 2003.

productions, operas, radio and television, photography, software and databases, visual and graphic arts, advertising services, copyright and collective management societies.

Despite the variety of competing concepts, we can conclude that there is a certain consensus concerning the sectors: some of the sectors appear in all the concepts described previously. Even so, the above section clearly shows that the debate over terminology is ongoing and there is still no single definition available for the concept of creative industries. As stressed by Power, Jansson (2006⁸) the attempt to come up with one universal definition of the creative industries carries with it the danger of missing out on certain local specialities and strengths. Therefore, in the Creative Metropolises project, it has been agreed that the term 'creative industries' is used as a neutral and general term without referring to any particular concept or approach.

1.1.2 Concepts related to creative industries

In addition to different terms, there are also several theoretical approaches in use that explain the concept of creative industries. Some of these concepts which discuss and define the relations between economy and culture (and creativity and the place, etc.) are more widespread than others.

Within the framework of Creative Metropolises, certain concepts are considered important to establish and delimit the understanding of creative industries, these are: creative economy, creative class, creative city, cultural economy and experience economy.

Creative economy (John Howkins). According to Howkins (2002, xiv⁹) creative economy can be defined as 'transactions in creative products', where the value of creative products is multiplied by the number of transactions. Howkins' definition brings together different kinds of creativity under the same rubric. In particular, the sciences are part of the creative economy because their products receive the protection of patent law. According to Howkins (2001, xiii) four sectors – the copyright, patent, trademark and design industries – together constitute the creative industries and the creative economy.

Core industries of the Creative Economy (Howkins, 2002, 116) are: 1) R&D, 2) Publishing, 3) Software, 4) TV and Radio, 5) Design, 6) Music, 7) Film, 8) Toys

⁸ Power, D., Jansson, J. (ed.) (2006) "Creative Directions – a Nordic framework for supporting the creative industries", SIK The Swedish Institute for Food and Biotechnology.

⁹ Howkins, J. (2002) *The Creative Economy. How People Make Money from Ideas*. Penguin Books.

and Games, 9) Advertising, 10) Architecture, 11) Performing Arts, 12) Crafts, 13) Video Games, 14) Fashion, 15) Art.

Creative class (Richard Florida). Florida's creative class approach focuses on the occupation and characteristics of people (workers). The creative class consists of people who add economic value through their creativity (Florida, 2002, 68¹⁰). In addition, in Florida's (*Ibid.* 249) approach, three elements—technology, talent, tolerance (the 3Ts)—are important. These are all seen as necessary for a place to attract creative people, generate innovation and stimulate economic growth. Florida (*Ibid.* 68, 69) defines the creative class as consisting of two components. Firstly, **the super creative core** which includes scientists and engineers (including software programmers), university professors, poets and novelists, artists, entertainers, actors, filmmakers, designers and architects as well as (the thought leadership of modern society) nonfiction writers, editors, cultural figures, think-tank researchers, analysts and other opinion-makers (Florida, 2002, 69) . Secondly, **creative professionals** who work in a wide range of knowledge-intensive industries such as high-tech sectors, financial services, the legal and health care professions, and business management (people such as physicians, lawyers, managers, also technicians and others who apply complex bodies of knowledge).

Creative city (Charles Landry). The creative city approach emphasises the place. Landry (2000¹¹) has directed attention towards the *creative milieu*. Referring to Landry *et al* (2005, 14¹²), the concept of the creative city is all-embracing, emphasising the role of:

- Innovative high-technology enterprises
- The spheres producing cultural goods and services
- Networks for exchanging information and knowledge (between individuals, enterprises and the public sector)
- Activity-based clusters, including creative ones
- The ties between business and institutions for producing and mediating knowledge, e.g. universities and research establishments with close connections between R&D and entrepreneurship
- Diverse built environments, quality of public spaces
- Diverse opportunities for leisure, entertainment and self-development that condition individual creativity
- An effective transport infrastructure
- General social cohesion (mechanisms for fostering participation and greater involvement of the user/citizen)

¹⁰ Florida, R. (2002) *The Rise of the Creative Class. And How It's Transforming Work, Leisure, Community and Everyday Life*. New York: Basic Books.

¹¹ Landry, C. (2000). *The Creative City: A Toolkit for Urban Innovators*. London, Earthscan.

¹² Landry, C., Greene, L., Matarasso, F., Bianchini, F. (2005) *Age of the City – Creativity and the city*, available:

http://www.comedia.org.uk/pages/pdf/downloads/Age_of_the_City_Creativity_and_the_city.pdf

Landry (2000) approaches cities as ecosystems where cultural and symbolic values act as catalysts fostering general development.

Cultural economy (Allen J. Scott; A. C. Pratt). According to Scott (2004, 3¹³) the cultural economy can be broadly described as a group of sectors (or equally, cultural products industries) that produce goods and services whose subjective meaning, or, more narrowly, sign-value to the consumer, is high compared to their utilitarian purpose. Scott stresses that there can be no hard and fast line separating industries that specialise in purely cultural products from those whose outputs are purely utilitarian. Cultural economy is represented by an extremely wide variety of both manufacturing and service activities (Scott, 1997, 328¹⁴). For Scott (2001: 12¹⁵), they include those “goods and services that serve as instruments of entertainment, communication, self-cultivation, ornamentation, social positionality, and so on, and they exist in both ‘pure’ distillations, as exemplified by film or music, or in combination with more utilitarian functions, as exemplified by furniture or clothing”.

Pratt (1997¹⁶) has identified a number of sectors that together constitute the ‘Cultural Industries Production System’ (CIPS). These are performance, fine art, and literature; and their means of reproduction—books, journals, newspapers, film, radio, television, recordings on disc or tape—and the activities that link art forms together, such as advertising. The production, distribution and display processes of printing and broadcasting, as well as museums, libraries, theatres, nightclubs, and galleries are also considered (Pratt, 1997: 1958).

Experience economy (Joseph Pine II & James H. Gilmore). According to Pine II & Gilmore (1999¹⁷) businesses must orchestrate memorable events for their customers, and that memory itself becomes the product – the “experience”. More advanced experience businesses can begin charging for the value of the “transformation” that an experience offers. Within the fields of tourism and leisure, for example, the role of experiences in the economy has been well-established for some time. Although continuing to influence business thinking the concept has already been superseded within much service marketing and management literature by the argument that the value of all goods and services is co-created or co-produced through the interaction between consumers and producers. Therefore, at one level of abstraction all consumption can be understood in experiential terms.

¹³ Scott, A. J. (2004) *On Hollywood: The Place, The Industry*, Princeton University Press.

¹⁴ Scott, A. J. (1997) The Cultural Economy of Cities. *International Journal of Urban and Regional Research*, 2: 323-39.

¹⁵ Scott, A. J. (2001) Capitalism, Cities, and the Production of Symbolic Forms, *Transactions of the Institute of British Geographers*, New Series, 26(1), 11-23.

¹⁶ Pratt, A. 1997. “The Cultural Industries Production System: A Case Study of Employment Change in Britain, 1984-91.” *Environmental and Planning A*, Vol 29: 1953-1974

¹⁷ Pine, J. II, Gilmore, J. H. (1999) *The Experience Economy: Work is theater & every business a stage*. Cambridge, MA: Harvard Business School Press.

The experience economy theory does not concentrate on specific sectors. Recognising experiences as a distinct economic offering provides the key to future economic growth. The economic growth is propelled by the consumer's quest for memorable experiences and the orchestration of those experiences by far-sighted and inventive companies¹⁸. An experience is not an amorphous construct; it is as real an offering as any service, good, or commodity¹⁹.

The creative industries concepts described before illustrate some of the different possible points of departure for creative industries policy-making. These concepts offer different possibilities for the approach, focus and scope of the CI policy (see part 1.2.2).

1.1.3 Cities under analysis: Main characteristics of the 11 cities involved in the study

The project Creative Metropoles is a network of 11 cities. These cities are:

1. Amsterdam
2. Barcelona
3. Berlin
4. Birmingham
5. Helsinki
6. Oslo
7. Riga
8. Stockholm
9. Tallinn
10. Vilnius
11. Warsaw

There follows a short profile of each city. Each city is described in terms of its main structural variables such as size, the significance of the city to the state as a whole and in the context of creative industries, also the percentage share of people and companies involved in the creative industries sector (where available), the main geographic features as well as the terms used to refer to creative industries²⁰. See also Table 1.

¹⁸ http://www.dmi.org/dmi/html/publications/books/reviews/experience_economy.htm

¹⁹ Welcome to the Experience Economy // Harvard Business Review, Juli-August 1998, pp 97-105

http://api.ning.com/files/z7xKGPrSF9CmZ8Wt0WspquYiFxmEqC5YVds6xgOYXGrD4IfK*fJpstdOfI fvAkCA7lsh4fjwDRW0wYRd69r-NoypN45iLmMA/HBRWelcometotheExperienceEconomy.pdf

²⁰ See also Appendix 2 where the definitions of creative industries that are in use in the cities and also the CI sub-sectors are displayed.

Amsterdam is the capital of the Netherlands (800 000 inhabitants; 2.2 million inhabitants in the Amsterdam Metropolitan Area). Amsterdam is the base for many corporate head offices and a rich diversity of economic activities, including international financial services, industry, transport, logistics and related knowledge-intensive services, the creative industries, ICT and multimedia, the life sciences and medical activities, and international tourism and congresses.

The creative industries are defined as containing economic and cultural sectors that deliver goods and services that are the results of individual or collective creative work and entrepreneurship. Meaning and symbolism are the most important elements of these goods and services. They are pursued by consumers and businesses for the specific images and experiences they provide. The creative industries play an important role in the development and maintenance of life styles and cultural identities within society.

The creative industries comprise three sectors: the arts (the performing arts, the visual arts, theatre, galleries, and museums), media and entertainment (publishing, radio, TV, film, video, and gaming), creative business services (advertising, photography, design, and fashion).

Share of people working in creative industries: 7.6% (Metropolitan Area: 5.2%); share of companies in creative industries: 15.6% (Metropolitan Area: 10.4%)

Geographic features: Amsterdam is located a few miles inland from the North Sea. Amsterdam has been called the "Venice of the North", a reference to its more than one hundred kilometres of canals, 90 islands and 1,500 bridges. The tree-lined canals of Amsterdam contribute a lot of the city's greenery.

Barcelona, the second largest city of Spain and the capital city of Catalonia (1.6 million inhabitants), is known for having generated strong strategies to build up a creative city model. In Barcelona, creative industries have long been one of the city's key features. Barcelona offers great opportunities for implementation of policies supporting CI through a wide range of programmes.

Barcelona at first used the term 'cultural industries' but later the term 'creative industries' came to be thought more suitable because it includes technology, research and innovation. By definition creative industries are those industries that have their origin in creativity, brilliance and individual skills, and that have power to create employment and wealth by generating and exploiting intellectual property. This definition allows CI to be brought closer to those products susceptible to economic exploitation (from the innovation and patent in the industrial and communications field, to the scientific research and the artistic creation). All of them share the fact that they originate from creativity and that that creativity generates wealth.

Share of people working in creative industries: 12.3%; share of companies in creative industries: no data available.

Geographic features: city is located on the coast. The municipality of Barcelona has 4 kilometres of coastline which attract millions of visitors each year.

Berlin is the capital city of Germany and its largest city (3.4 million inhabitants) and also a centre of culture, politics, media, and science. Its economy is primarily based on the service sector, encompassing a diverse range of creative industries, media corporations, congress and convention venues. Besides, other important industries are ICT, transport, logistics, health, biotechnology, energy and green technology.

In Berlin, no distinction is made between cultural and creative industries, the terms being used interchangeably. The terms cultural and creative industries respectively cover all cultural and creative companies which are mostly profit oriented and which deal with the creation, production and (medial) distribution of cultural/creative goods and services.

Share of people working in creative industries: 10.3%; share of companies in creative industries: 18.7%

Geographic features: landlocked city, a river runs through the city. Around one third of the city's territory is composed of forests, parks, gardens, rivers and lakes.

Birmingham is the regional centre of a larger metropolitan area with a population of over 2.5 million consisting of six other authorities including the City of Wolverhampton (pop:240,000) which is a co-partner with Birmingham in this project. Wolverhampton grew initially as a market town with specialism in the woollen trade later becoming a major industrial centre with mining and the production of steel, japanning, locks and transport. Today the major industries are engineering, including a large aerospace industry, and within the service sector, including finance and creative industries.

Birmingham follows the UK model in defining creative industries as those industries based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through developing intellectual property. This definition excludes some sub-sectors of the wider cultural industries, such as heritage, libraries, museums and galleries sectors, as well as the sport sector.

Share of people working in creative industries: 5.7%; share of companies in creative industries: 10.7%

Geographic features: landlocked city. There are five major canals which meet within the city and many smaller ones, adding up to 114 miles of navigable water within the metropolis.

Helsinki is the capital and largest city in Finland (0.58 million inhabitants; 1.3 million inhabitants in the Helsinki Metropolitan Area) with a vibrant cultural scene, good services and a high-level education system. Helsinki is the centre of creative industries in Finland. Creative industries have been the fastest growing business sector in Helsinki in recent years and now offer more jobs than the construction, financing and logistics sectors. Music, theatre, dance and cinema have been historically strong arts in Helsinki; at the same time, new media art and crossover festivals also play a very important part in Helsinki's cultural life.

Helsinki defines creative industries as follows: "Creative industries include, among others, architecture, design and fashion, arts and crafts, software, music, theatre, media and publishing. The definition of CI used by Helsinki does not include research or new media that are sometimes seen as elements of CI.

Share of people working in creative industries (Metropolitan Area): 6.6%; share of companies in creative industries (Metropolitan Area): 10.7%

Geographic features: city is located on the coast. Helsinki is spread across a number of bays and peninsulas and over a number of islands.

Oslo is the capital and largest city in Norway (1.1 million inhabitants in Oslo region; 1.5 million inhabitants in the Oslo Metropolitan Area). The city is characterised by a mix of old and new architecture, parks, hills, museums, monuments, lakes, forests and a fjord. Cultural industries cover a range of sectors from art, design and architecture to fashion, literature, music and museums. In 2007, the cultural industries employed a total of 95 500 people in Norway (public and private companies) – and the municipality of Oslo accounted for 36.2% percent of this total. Together with the neighbouring county Akershus it accounted for 44.2 % of the total employment in the creative industries. The creative industries in Oslo are still developing, and the city has a strong overrepresentation of both employment and firms in all the cultural industries.

The most often used term is "Cultural Industries" which are defined as those industries that produce products the main characteristics of which are communication, i.e. products that communicate through signs, colours,

movements, stories, sounds, forms etc. Industries that are included are architecture, design, market communication, music, film, radio and television, printed media, fine arts and cultural heritage.

Share of people working in the creative industries in Oslo: 7.2 % (in the Oslo region 5%); share of companies in the creative industries in Oslo: 15 % (in the region 10,2 %).

Geographic features: city is located on the coast. The city centre is surrounded by woods, lakes and 40 islands in the fjord.

Riga is the cultural, economical and political capital city of Latvia (800 000 inhabitants). Riga is also the capital of the creative industries sector, uniting more than 70 % of all creative industries entrepreneurs, companies and non-governmental organisations in Latvia.

Riga uses the term 'creative industries', adopting the UK model. The creative industries are defined as those industries that are based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through developing products with high added value. The creative industries include architecture, advertisement, art and culture industries, design (including fashion, graphical design and applied art), films, computer games and interactive software, music, new media, publishing, radio and television."

Share of people working in creative industries: 11%; share of companies in creative industries: 11.5%.

Geographic features: Riga is situated at the mouth of the Daugava River, on its right bank, 10 kilometres from the Gulf of Riga and the Baltic Sea.

Stockholm is the capital and largest city in Sweden (1.3 million people live in the greater Stockholm area). Stockholm is a national centre of and the leading city of culture. The culture is characterised by strong art institutions, cultural heritage and a well-developed infrastructure with libraries and cultural schools. The creative industries have become increasingly important in the local and regional growth planning as a catalyst for tourism and also provide a significant social impact in the form of urban renewal.

The term most frequently used in Stockholm is creative industries, but the term *experience industry* is also common. Experience industries is a somewhat broader term than creative industries including more sectors. The terms are, however, often synonymous in political discussion. The starting point for choosing the concept of experience industries is, to some extent, based on a wish to include a more diverse range of sectors such as architecture,

computer and video games, design, film, photography, art, literature, communication, media, fashion, music, food, arts and tourism.

Share of people working in creative industries (in Sweden): 12.9%; share of companies in creative industries (in Sweden): 7.9%.

Geographic features: The city is located on the coast and around a mediaeval city centre built on 14 islands. Over 30% of the city area is made up of waterways and another 30% is made up of parks and green spaces (in 2009 Stockholm was awarded the first European Green Capital title by the European Commission).

Tallinn is the political and financial capital of Estonia (0.4 million inhabitants). The city is best known for its well-preserved old town. Discussion regarding cultural and creative industries began at an active, city level in Tallinn in 2005. Since then creativity, creative industries and innovation have been more in focus as Tallinn moves towards the ideal of being a creative city. The largest part of CI enterprises and institutions are concentrated in Tallinn (47.1%) and the city's share includes many of the CI fields that are more connected with commercial spheres of activity.

Tallinn, tends towards the UK model, and the term 'creative industries' is the most frequently used, however, other terms such as creative economy and experience economy are also to be found in strategic documents. By definition, creative industries are those industries that have their origin in individual and collective creativity, skill and talent and which have potential for wealth and job creation through the generation and exploitation of intellectual property.

Share of people working in creative industries (in Estonia): 4.3%; share of companies in creative industries (in Estonia): 9.4%.

Geographic features: city is located on the coast.

Vilnius is the largest city and capital of Lithuania (0.56 million inhabitants). The majority of people work in service sectors. 70 % of all Lithuanian CI are concentrated in and around Vilnius, and the central part of the City (the Old Town, Uzupis and the new city centre) hosts up to 80 % of all Vilnius CI.

Lithuania's strategic documents use the terms creative industries and cultural industries (cultural economy) . Following the UK model, CI are defined as industry underpinned by types of activity-based on the creativity, ability and talent of an individual. Those activities are able to produce material welfare and workplaces, by creating intellectual property. CI include architecture, handicrafts, performing art, design, interactive computer programs, clothes

design, the art and antiques market, music, movie and image production, publishing, television and radio, programming equipment and computer services, advertising.

The notion of CI in Lithuania does not include tourism, sport, museums, archives, heritage protection and other cultural activities—they are seen as belonging to the category of cultural economics.

Share of people working in creative industries (including sectors mentioned in previous section): 12.8%; share of companies in creative industries: 19.2%.

Geographic features: landlocked city. Vilnius is situated in south-eastern Lithuania at the confluence of the Vilnia and Neris Rivers.

Warsaw is the political, commercial, academic and cultural capital of Poland (1.7 million inhabitants; the Warsaw metropolitan area is home to 3 million residents). Numerous theatres, cinemas and dozens of museums and galleries contribute to the city's rich and high-quality cultural offerings. The service sector is the most important in Warsaw, together with retail employing over 70 percent of the total working population.

In Warsaw, different terms such as cultural industries, creative industries, creative sector, and sometimes, knowledge-based economy are used interchangeably.

Data for the share of people working in creative industries and the share of companies in creative industries is not available.

Geographic features: landlocked city, on the banks of the River Vistula.

Table 1. The main characteristics of the 11 cities

City	Population of the city	Geographic features	Share of people working in creative industries	Share of companies in creative industries	Term(s) in use
Amsterdam	0.8 million	located a few miles inland from the sea; canals	7.6%	15.6%	creative industries
Barcelona*	1.6 million	city is located on the coast	12.3%	n/a	creative industries
Berlin	3.4 million	landlocked city, a river runs through the city	10.3%	18.7%	creative industries, cultural industries, creative economy, cultural economy ²¹
Birmingham*	1 million	landlocked city; canals	5.7%	10.7%	creative industries
Helsinki	0.58 million	city is located on the coast	6.6% (Metropolitan Area)	10.7% (Metropolitan Area)	creative industries
Oslo	0.58 million	city is located on the coast	7.2%	15%	Cultural industries
Riga	0.8 million	situated at the mouth of a river	11%	11.5%	creative industries
Stockholm	1.3 million	city is located on the coast	12.9% (in Sweden)	7.9% (in Sweden)	creative industries, experience industries
Tallinn	0.4 million	city is located on the coast	4.3% (in Estonia)	9.4% (in Estonia)	creative industries, experience industries, creative economy
Vilnius	0.56 million	landlocked city, a river runs through the city	12.8%	19.2%	creative industries, cultural industries
Warsaw	1.7 million	landlocked city, a river runs through the city	n/a	n/a	creative industries

*Not the capital cities.

The 11 cities have populations varying in size from 400 000 to 3.4 million. Yet, they are generally more similar than they are different from one another. They all play a central role in the economies of their regions and countries, and in most cases they are also the centre of creative industries in their country/region. Almost all cities have waterfront areas (the sea or a river or canals). Most of the cities use the term “creative industries” and largely share the sub-sectors of creative industries; nevertheless, the percentage share of people and companies still exhibits very large-scale variations across the group of cities. From a research point of view, the cities similarities are a positive factor, as they make the cities **comparable**; at the same time, bringing out the differences and **classifying the cities** into different groups becomes **more complicated**.

²¹ Berlin uses creative industries and cultural industries synonymously, but the far more common term is now creative industries.

1.1.4 Central themes of the project

The project proposal foresaw the project providing information on 5 policy areas. These were set out as follows:

- **General architecture of public support for creative industries** (Theme 1) which focuses on positioning city support within the overall support system. This theme encompasses the following topics: policy focus (e.g. strongly on business support or specific sectors), organisation of support for creative industries, including cooperation with other support system stakeholders, different support mechanisms and support tools.
- **Public support for enhancing business capacity and internationalisation of creative industries** (Theme 2) which focuses on creative incubators, business support organisations, their networks, etc. The following topics were considered central to this theme: policies within the area of business support and clustering required for creative industries to flourish; various tools used to support business capacity and internationalisation of CI; clustering and incubation tools for creative industries; international networks (of incubators and business support organisations) as means for to improve the ability to support the business potential of creative start-ups and facilitate internationalisation; tools for business development such as marketing tools, fairs, events.
- **Developing urban space and creative city districts** (Theme 3). The project adopts various perspectives on the theme of district or space, and recognises the multifaceted utility of space and creative city districts. A creative space may involve offering: (a) low-cost office space, (b) a clustering tool for bringing various actors into a common space, (c) an environment buzzing with creative energy that helps to inspire experimentation and innovation, (d) a tool for regeneration of often socially disadvantaged areas and/or derelict industrial sites. The central topics of interest under this theme are the policies and strategies used to promote regeneration of various derelict or unused sites, and also the activities linking urban planning and social inclusion, public-private-partnership opportunities in development and maintenance of creative city districts.
- **Financing of creative industries** (Theme 4) which focuses on financial support mechanisms and guarantee schemes with an emphasis on public funding and synergies found with private financial support. The central topics are considered to be: accessibility of funding for the Small or Medium Enterprise (SME) in the CI; the available funding schemes, etc.
- **Demand for creative industries products and services** (Theme 5) which focuses on the question of how cities can become better consumers of

CI services and products. The relevant topics under this theme include: identifying the types of CI services used in the public sector, issues around procurement policies, and service design approaches in public services.

During the development of methodology and research analysis, these five themes have been developed somewhat and modified to a degree.

1.2 Methodological approach

1.2.1 Framing parameters of the research methodology

Building a theoretical framework for the project starts with the research focus and object. The project goal is the study of the creative industries policies of a group of cities, and to understand the reasons underlying different practices. Thus, from a research point of view the Creative Metropoles project is a comparative study where policies are central to the research and the unit of analysis is urban policy in the partner cities.

Developing the theoretical framework for Creative Metropoles was a complicated task for many reasons. On the one hand, the methodology had to reckon with the topics which were already set in the project application, and, on the other hand, with the theoretical diversity resulting from the wide scope of the themes the project covers. Specifically, in order to develop the theoretical grounds the research team had to overcome the following limitations and complications:

- The project application sets out five central areas to be addressed—themes that are broad in scope and quite different from one another.
- The diverse theories of the concept of creative industries and the many approaches to explaining it. At the same time, the conceptualisation of creative industries in general remains diffuse and the available theory seems insufficient.
- The cities exhibit considerable differences in their practice of developing creative industries, including differences in the development stages in supporting creative industries in the 11 cities under analysis. Nevertheless, as the project focuses on understanding differences the practices in the cities, these same differences offer opportunities for analysis.

Figure 1 summarises the three factors which constrain and delimit the research methodology.

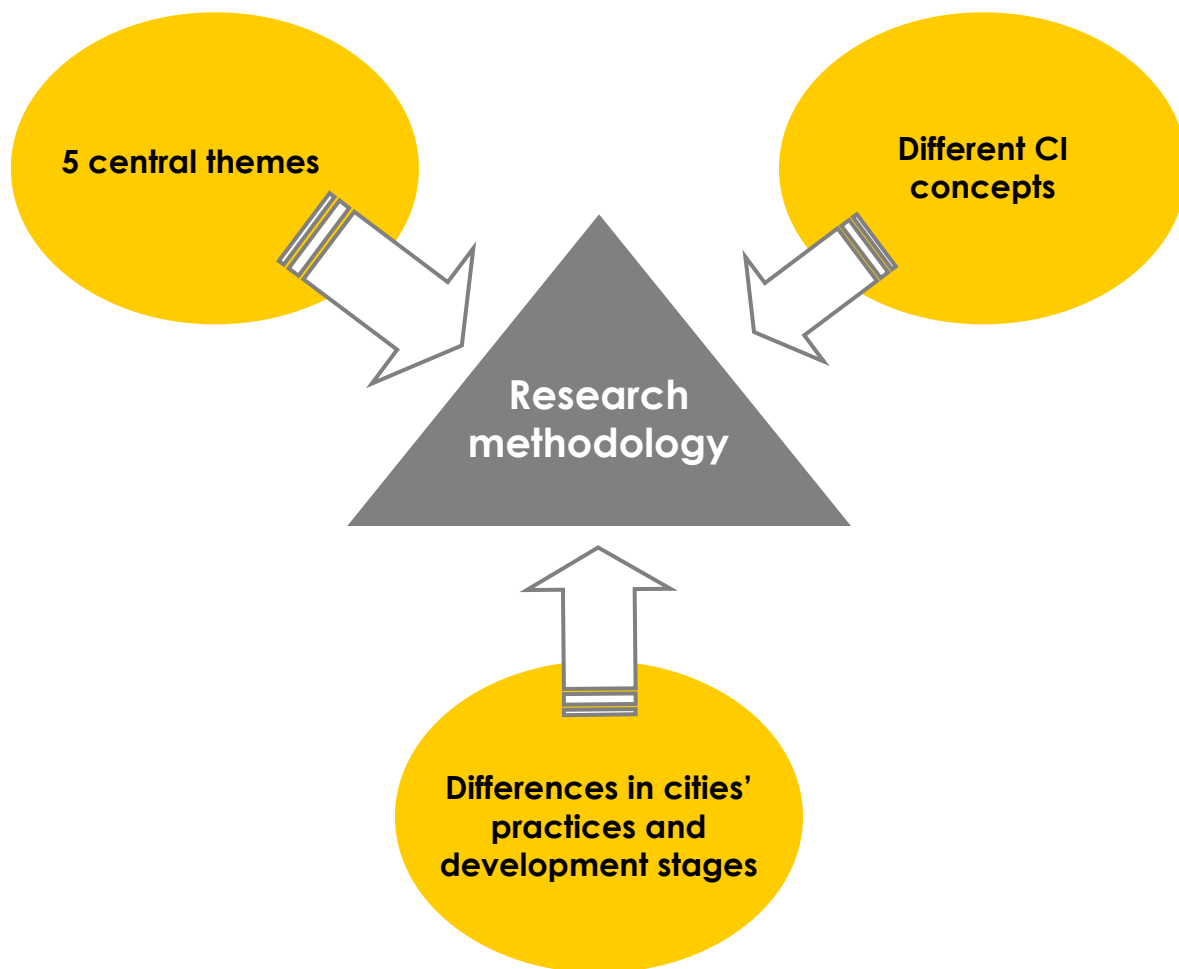


Figure 1. Components framing the basis for developing theoretical framework for Creative Metropolises project

The aforementioned limiting factors affect the theoretical framework which can be developed for the Creative Metropolises project. There is no existing single theoretical framework found amongst the approaches to creative industries which would enable the project to analyse all the cities in one framework. The research therefore has to take into account several concepts explaining creative industries. Secondly, the five stated themes cannot be explained using the framework of creative industries alone. Thus, there is a need to incorporate theoretical bases from other disciplines to understand and explain the cities' policies and practices in supporting creative industries.

As the Creative Metropolises project is focused on the **policies** of **creative industries**, the theoretical framework is defined by:

- (1) different approaches explaining the concept of creative industries
- (2) the theoretical framework for explaining and analysing the 'policies' including:

- Policy content (rationale, focus)
- Policy instruments
- Governance of the policy process

Five themes were defined in advance of the project by the cities compiling the application guidelines of the project. From a methodological point of view, the five themes differ in terms of quality and extent, and are connected to each other in different ways. The general architecture of support (Theme 1) is considered to provide a general framework for the four other themes. These four themes are treated as CI policy intervention areas when analysing the cities' CI policies. Financial support (Theme 4) can be viewed in the frame of other themes (especially in the frame of business enhancement (Theme 2), space development (Theme 3) and enhancing demand (Theme 5)) because the analysis of financial support centres on questions like "what is it provided for" or "who is it provided to".

1.2.2 Theoretical framework for analysing the public policy for creative industries

Creative industries policies belong to the general public policy and function within its parameters. At the same time, they are one of the most complicated policies and rapidly developing of policies, which have an impact on the development of wider public policy.

The study of public policy is very complex, bringing together a variety of different disciplines and approaches. Policy sciences are distinctively multidisciplinary; virtually every social or political problem has components tied to various academic disciplines without falling clearly into any one discipline's exclusive domain (Deleon and Martell, 2006, 32). As Pierre (2006, 481) has argued almost all policy problems have political, economic and social dimensions, the theories explaining these problems lie in the economic, social, and political sciences. Different disciplines represent different discourses and draw on different theories.

In a practical sense, public policy is "whatever governments choose to do or not to do" (Dye, 2005, 1²²). For Schuster (2003, 1), policy is the 'intentionality' of programs that seek to achieve certain outcomes in a field of activity; but there also are goals that are 'implicit' in a policy and its programs.

²² Dye, T. R. (2005) *Understanding Public Policy, Eleventh Edition*. New Jersey: Pearson Prentice Hall.

From the research point of view, public policies are a very difficult object of study, as to understand a policy requires viewing programmatic activities as a 'terrain of intentions' (Mulcahy, 2006, 267²³).

Another complication in analysing public policy, concerns the differences found in the scope of a certain policy field—which components play important roles in framing a certain policy, so for example, in cultural policy, culture may or may not be an important component in the education curriculum (Mulcahy, 2006, 267²⁴). In other words, it is a question of the integration of a certain policy into other policy fields, including strategies (Saez, 1996, 135²⁵). As this issue is addressed differently in different countries or cities, the comparative policy analysis becomes complicated.

In addition, the role of the various disciplines in framing public policy has differed over time, thus, the dominant policy instruments and types of intervention mechanisms reflect the most favoured discipline(s) in a certain time period (Pierre 2006, 481²⁶). Unfortunately, the time periods are not universal: one country or city may be still in a developmental time period which another country or city has already passed through. Again, this tends to complicate comparative study of the policies of different countries and cities.

The concept of creative industries is in itself very complex and interdisciplinary; thus any analysis of the policy for creative industries must necessarily encompass a wide range of different disciplines and theoretical grounds into the analysis.

Any comparative study of public policies allows for a variety of focuses (Lodge, 2007²⁷); in this project the following three key variables are the focus of the study:

- Policy content (rationale, focus)
- Policy instruments
- Governance of the policy process

²³ Mulcahy, K. V. (2006) Cultural Policy, in: Peters, B. G., Pierre, J. (ed) *Handbook of Public Policy*, Sage: London, Thousand Oaks, New Dehli.

²⁴ Mulcahy, K. V. (2006) Cultural Policy, in: Peters, B. G., Pierre, J. (ed) *Handbook of Public Policy*, Sage: London, Thousand Oaks, New Dehli.

²⁵ Saez, G. (1996) Les politiques culturelles des villes, in *Institutions et vie culturelles*, eds. Perret, J. and Saez, G., Paris: La documentation Francaise.

²⁶ Pierre, J. (2006) Disciplinary Perspectives, in: Peters, B. G., Pierre, J. (ed) *Handbook of Public Policy*, Sage: London, Thousand Oaks, New Dehli.

²⁷ Lodge, M. (2007) Comparative Public policy, in Fischer, F. Miller, G., Sidney, M. S. (2007) *Handbook of Public Policy Analysis: theory, politics and methods*, CRC Press.

Policy content (aim, rationale)

The creative industries concepts described in part 1.1.2 illustrate some of the different possible points of departure for creative industries policy-making. The main differences between these five concepts can be seen in the following three aspects: (1) the central category of analysis within the concept, (2) the scope of the concept, and (3) the central focus of the concept. In the context of policy analysis, that means that the approach, focus and scope of the CI policy may vary to a large degree. See Table 2.

Table 2. Comparison of five CI concepts based on scope, focus and central category of analysis

		Central category of analysis (sector, individual, etc.)	Scope of concept (the sectors in focus)	Central focus of the concept
CREATIVE ECONOMY	People / companies working in certain sectors	Sector	1) R&D, 2) Publishing, 3) Software, 4) TV and Radio, 5) Design, 6) Music, 7) Film, 8) Toys and Games, 9) Advertising, 10) Architecture, 11) Performing Arts, 12) Crafts, 13) Video Games, 14) Fashion, 15) Art.	Economic (copyright, patent, etc.)
CREATIVE CLASS	Social class, people working with creativity (problem-solving)	Individual on the basis of occupation / field of activity	The core occupations: 1) scientists and engineers (including software programmers), 2) university professors, 3) poets and novelists, 4) artists, 5) entertainers, actors, 6) filmmakers, 7) designers, 8) architects, 9) editors (journalism, broadcasting?), 10) cultural figures, 11) other opinion-makers The "second round" occupations around creative core: 1) high-tech sectors; 2) financial services; 3) lawyers and other legal professions; 4) health care professions; 5) business managers; 6) physicians; 7) technicians.	Economic, spatial, and cultural/social
CREATIVE CITY	Overall importance of creativity for urban development	Holistic approach to urban development	The list of sectors is not comprehensive. Among others, the following fields are highlighted: 1) high-tech enterprises, sectors, 2) R&D, 3) universities, 4) creative industries (including sectors producing cultural goods and services), 5) cultural/heritage tourism, 6) leisure activities, 7) urban planning, 8) transport, etc.	Attempted integral approach, including economic, spatial, social, cultural dimensions

CULTURAL ECONOMY	Close to creative economy; cultural people working in certain sectors	Sector	1) Performance, 2) fine art, 3) literature and books, 4) journal magazines, newspaper, 5) film, 6) radio, 7) television, 8) recordings on disc or tape, 9) advertising. Also considered are the production, distribution and display processes: 1) printing, 2) broadcasting, 3) museums, 4) libraries, 5) theatres, 6) nightclubs, 7) galleries.	Economic and cultural
		Stage in the economic development	Specific sectors are not in focus; 'experience' is seen an attribute which can be theoretically attached to every service, product, commodity.	Economic
EXPERIENCE ECONOMY	Creative people and companies as providers of "experience"			

When we examine the central category of analysis, we can see that the two concepts that are closest in their approach to sectors are creative economy and cultural economy. The concept of creative class also enables different sectors to be listed, but then categorizes them based on occupations or fields of activity. Both creative city and experience economy concepts have a broad focus in their approach to creative industries. The creative city concept contributes an urban planning point of view; while the experience economy stresses the customer point of view—not only on developing creative industries, but on the economy in general.

Looking at the central category of analysis also leads to the issue of linkages between different sectors, especially "core" creative sectors with other sectors (industrial, service, science, etc. sectors). In this context the concept of the creative city especially should be highlighted, as it tends to incorporate all fields of urban life in the one concept. The concepts of creative economy and creative class use "creativity" as one uniting element to couple different sectors under their terms of reference.

Turning to the scope of the various concepts, it is the concept of the creative economy that has most clearly determined the sectors within its scope. The concepts of creative class, creative city and cultural economy have defined the sectors more loosely. In the concept of the experience economy, listing the sectors is not an issue of central importance, bearing in mind that the whole economy can be explained in terms of the experience economy.

The central focus of the approaches is the most difficult to define and explain. The concepts of the creative city (especially) and also creative class tend to embrace a greater number and variety of focuses than the other concepts,

as they include economic, spatial, social and cultural dimensions. Despite the wide scope in terms of sectors, the concept of the experience economy generally “speaks” in economic terms. As the concept of creative economy emphasises the terms “transactions” and “value of creative products” we can see that an economic focus predominates there too. The focus of the concept of “cultural economy” is the most complicated to define. On the one hand it speaks in terms of “products” and “production” which refer to the economic dimension; on the other hand, it attaches importance to the sign-value of the products and recognises the difficulty of distinguishing purely cultural products from those whose outputs are purely utilitarian. This reinforces the importance of the cultural dimension.

The different focus of the concepts can also be analysed from another point of view. We can distinguish between some of the concepts (though not all) by considering whether they have an inward or an outward focus. To elaborate further, the concept of creative class attaches importance to attracting talent in the form of people or companies. In so doing, it emphasises the ongoing competition between places to attract and retain talent—arguably, that constitutes an outward focus as the place has first of all to be attractive to others. With certain reservations, the concept of the experience economy also demonstrates an outward focus, particularly in its advocacy of tourism as a key bringer of experience. On the other hand, the concept of the creative city stresses the creative milieu and the coherent and holistic urban development. This concept attaches great importance to the locals’ wellbeing and is arguably therefore inward focused. Categorising the concepts of creative economy and cultural economy is more complicated. However, intellectual property – patents, trademarks, copyrights – which are keywords in the concept of the creative economy, are important terms especially in the context of international markets, and that indicates an outward focus. Then again, the concept of cultural economy is described more in terms of producing cultural products in the context of the national market, and could therefore be described as having a more inward focus.

Various international comparative studies (e.g. Foord, 2008²⁸) indicate that nations and cities have different policy rationales underpinning their creative industries concepts, and so the policy focus may be different. For instance, in the UK (among many others) the creative industries policy has a pronounced focus on those parts of the creative industries that are interested in commercial profitability and growth (DCMS 1998, 2000²⁹). This approach generally doesn’t include non-profit cultural/creative organisations. At the same time, alongside economic development were found several other

²⁸ Foord, J. (2008) Strategies for creative industries: and international review. *Creative Industries Journal*, 1 (2), 91-113.

²⁹ Department Culture, Media and Sport (1998). *Creative Industries Mapping document*. London, DCMS; Department for Culture, Media and Sport and Department of Environment, Transport and Regions (2000). *Creative Industries: the regional dimension. The report of the Regional Issues Working Group*. London, DCMS.

policy rationales such as social inclusion, development of social capital, community cultural programming, creation of tourist venues and visitor economies (Foord, 2008, 92³⁰).

To generalise, three broader streams of creative industries policies can be distinguished.

One approach focuses on deployment of cultural assets in the quest for local development. It is often based on local heritage of historical or cultural resources with the focus on redevelopment of run-down and deprived areas (Power, Jansson, 2006, 11³¹). This approach can be labelled **space / place - focused**.

The second alternative (or complementary) policy approach focuses on the formation of localised complexes of cultural and/or creative industries that will then export their outputs far and wide (Power, Jansson, 2006, 11³²). In this case the creative industries are considered as the key new growth sector of the economy, and thus, against a background of manufacturing sector decline, they are the key source of future employment growth and export earnings (Granham 2005, 25³³). In short, this approach can be labelled **economic-focused**.

The third policy approach attaches major importance to linking the policy and practice of creative industries to the policies and practice governing other sectors and fields (e.g. innovation and ICT) as well as to broader concepts like the knowledge economy. Findings of an international survey of public policies and strategic plans to promote and support the development of the creative industries (Foord 2008, 92, 93³⁴) also showed that innovation has been one of the two dominant assumptions underlying the policy rationales driving the development of creative industries. Creative industries are seen to offer limitless new opportunities in the context of the knowledge economy where the role of intangibles (ideas, tacit knowledge, networks, etc.) is increasing. Accordingly, this approach proceeds from rather a **comprehensive approach** to creativity and sees the rise in creativity (as well as for example in economic and cultural potential) as strongly related to different fields.

³⁰ Foord, J. (2008) Strategies for creative industries: and international review. *Creative Industries Journal*, 1 (2), 91-113.

³¹ Power, D., Jansson, J. (ed.) (2006) "Creative Directions – a Nordic framework for supporting the creative industries", SIK The Swedish Institute for Food and Biotechnology.

³² Power, D., Jansson, J. (ed.) (2006) "Creative Directions – a Nordic framework for supporting the creative industries", SIK The Swedish Institute for Food and Biotechnology.

³³ Granham, N. (2005) From cultural to creative industries. An analysis of the implications of the "creative industries" approach to arts and media policy making in the United Kingdom *International Journal of Cultural Policy*, 11 (1), 15-29.

³⁴ Foord, J. (2008) Strategies for creative industries: and international review. *Creative Industries Journal*, 1 (2), 91-113.

Accordingly, the points of departure in approaches to creative industries are varied, and so are the theoretical approaches. If we adopt an economic approach, we take industrial competitiveness and transformation (business strategy, institutional and evolutionary economics, etc.) and economic geography as our general point of departure for research (Power, Jansson, 2006, 11³⁵). Adopting a spatial-environmental approach means focusing on the theories on spatial geography, spatial clustering, urban, cultural planning, etc. (Gibson, Kong, 2005³⁶). The third approach presumes a departure point with an attachment to network theories, social capital, value creation theories, post-fordism economic theories, and the like.

Intervention mechanisms: policy instruments for supporting and developing creative industries

Due to the complexity of creative industries, there are various types of intervention mechanisms in use to support and develop them. Interpreting Schuster (2003, 9³⁷), creative industries policy is far from being just the result of direct financial support. On the contrary, it is a result of a rather wide variety of intervention. It comprises public sector intervention in industry development and the enhancement of R&D and innovation, as well as support for culture and the arts, and also tools for promoting urban planning, network building and other initiatives (Hearn, et al. 2007³⁸; O'Regan and Ryan, 2004³⁹). In the literature (e.g. Cook and Lazzaretti, 2008⁴⁰) the distinction is often made between business types of mechanisms and those that compensate for or balance a market failure. The debate on whether or not to include support for non-profit cultural and creative organisations and activities with creative industries policies is ongoing. Cunningham (2007⁴¹) has also claimed that creative industries policies are trying to break the cycle of mental dualism we habitually go into. Moreover, from an analytical point of view and in practice, it is often difficult to disentangle different spheres of policies (Power, Jansson,

³⁵ Power, D., Jansson, J. (ed.) (2006) "Creative Directions – a Nordic framework for supporting the creative industries", SIK The Swedish Institute for Food and Biotechnology.

³⁶ Gibson, C., Kong, L. (2005) Cultural economy: a critical review, *Progress in Human Geography*, 29(5), 541-561.

³⁷ Schuster, J. M. (2003) *Mapping State Cultural Policy: The Study of Washington*. Chicago: The University of Chicago, Cultural Policy Center.

³⁸ Hearn, G., Roodhouse, S., Blakey, J. (2007) From Value chain to value creating ecology. Implications for creative industries development policy, *International Journal of Cultural Policy*, 13(4), 419-436.

³⁹ O'Regan, R., Ryan, M. D. (2004) From multimedia to regional content and applications: remaking policy for the digital content industries, *Media International Australia*, 102, 28-49.

⁴⁰ Cooke, P., Lazzaretti, L. (eds.) (2008) *Creative Cities, Cultural Clusters and Local Economic Development*, Cheltenham, UK: Edward Elgar.

⁴¹ Cunningham, Stuart D. (2007) Political economy and creative industries policy. UNESCO Observatory Refereed e-Journal 1(1), available at: <http://eprints.qut.edu.au/12165/1/12165.pdf>

2006, 11⁴²); the public sector's creative industries initiatives from enterprise and innovation initiatives (Howkins, 2005⁴³); and the public sector's creative industries initiatives from urban planning and cultural initiatives because they share almost the same tools (Jürisson, 2007⁴⁴).

Based on various studies⁴⁵ which have summarised the practices of different cities, it is possible to define five basic types of mechanisms, which the cities use for supporting and developing CI.

First, **making available and developing space and buildings**. This mechanism includes the following activities: reconstruction of buildings like factories and industrial complexes, or the construction of a new urban area for creative individuals and enterprises; providing space for creative activities and creative entrepreneurship (the availability of long-term lease and other options is considered important); and the establishment of creative centres, creating space for exhibitions and events.

Secondly, **the development of the urban environment, making it more attractive, enlivening the atmosphere, developing the entire physical infrastructure**, which includes activities aimed at: the development of public buildings, urban spaces and environments towards supporting creativity and bringing out inspiration; making use of design and architecture in urban development; developing cultural quarters; arranging festivals to promote local culture and identity, and to shape and enliven the city's creative and cultural atmosphere. In connection with the development of the urban environment, the importance of the promotion of ICT, telecommunications and transport is emphasised.

The third larger group is formed by **the complex of measures related to the development of entrepreneurship, counselling, and the creation of networks**

⁴² Power, D., Jansson, J. (ed.) (2006) "Creative Directions – a Nordic framework for supporting the creative industries", SIK The Swedish Institute for Food and Biotechnology.

⁴³ Howkins, J. (2005) *The Mayor's Commission on the Creative Industries*. In: Harley, J. (ed.) *Creative Industries*, Blackwell Publishing, 117-125.

⁴⁴ Jürisson, V. (2007) *Saving Cultural Policy*. *In process*.

⁴⁵ When distinguishing and classifying different instruments the research is based on the following sources: Strategies for Creative Spaces. Phase 1 Report. September 2005; Rutten, P. (2006) *Culture & Urban Regeneration. Cultural Activities & Creative Industries. A Driving Force for Urban Regeneration. Finding & conclusions on the economic perspective; Image of the City. Urban Branding as Constructed Capabilities in Nordic City Region*. 2006, Nordic Innovation Centre; Braun, E., Lavanga, M. (2007) *An international Comparative Quick Scan of National Policies for Creative Industries; Partners for Livable Communities (2004) The Creative City: Power for the New Economy*, Resource Paper, Washington D.C.; ⁴⁵ Costa, P., Magalhaes, M., Vasconcelos, B., Sugahara, G. (2006) *On 'Creative Cities' governance models: a comparative approach*, Dinâmica Working Paper, 2006/54, Lisboa: DINÂMICA; Smith, R., Warfield, K. (2006) *The Creative City: a matter of values*, In P. Cooke and L. Lazzeretti (Eds.), *Creative cities, cultural clusters and local development*. London: Edward Elgar; Hearn, G., Roodhouse, S., Blakey, J. (2007) *From Value chain to value creating ecology. Implications for creative industries development policy*, *International Journal of Cultural Policy*, 13(4), 419-436.

and incubators. This includes the support of creative enterprises (developing a system of business support targeting these enterprises), promoting cooperation between actors in creative fields; developing various types of clusters (sub-sector-specific, small business centred, etc.); supporting higher education, R&D and enterprise clusters (transparent financing, joint venture, knowledge transfer arrangements, high quality physical facilities, etc.); as well as connecting creative businesses with other industries.

Financial support constitutes a large group of measures. Here, two sub-types of mechanisms can be distinguished. The first is the targeted support to creative enterprise and entrepreneurs, referring to various funds and foundations. In this respect one should point out, targeted creative industries funds (e.g. Film Funds), seed investment and support for R&D in creative businesses. The second includes those financial and fiscal measures which refer to tax system support— tax breaks and exemptions. This group can also include applying the principle that sets aside a percentage spent on capital projects for the support of public art.

The fifth, relatively heterogeneous, group of support and development mechanisms is that developing **“soft” infrastructure or networks**. Support and development is in this case concerned with linking arts, culture and entrepreneurship, the development of creativity in education, and with supporting creativity through education. More precisely, this group aims to nurture the involvement of citizens through culture and creativity programmes (for reducing social exclusion); working at a grassroots level to find talent and unearth creative ideas; the involvement of visionary leaders; the inclusion of creative individuals in the regeneration process of socially and economically backward areas; the presence of a strong and cohesive infrastructure, which links the actors on different levels, and in different fields, including the organisations providing the financial and other resources.

All of these aforementioned intervention types can be exploited to support different rationales in different fields.

Governance of policy process

CI related policies as a public policy issue at city level is quite a new topic and the governance of CI policies is only taking shape in the cities.

In political sciences governance is traditionally seen as collective action by private, public, and corporate agents regarding the public good, spatially relevant resources, cultural values and action resources (Heinelt, 2004⁴⁶,

⁴⁶ Healey, P. (2006) Transforming governance: Challenges of institutional adaptation and new politics of space, *European Planning Studies*, 14, 3: 299-320.

Healey, 2006⁴⁷). In general, the concept of governance is a mode of decision-making which includes conventional top-down patterns as well as horizontal or bottom-up processes. The group of actors are usually represented by a triangular scheme featuring state, economy and civil society. Recent definitions of the term governance are more integrative, analysing the specific local governance mode and its practices by “rationale and initiators; boundaries; legitimation; envisioning; communication and social learning” (Balducci *et al.* 2004: 2-4⁴⁸). This integrative perspective enables consideration of the specific local circumstances of creative industries (Lange, 2009) ⁴⁹.

The European countries supply the most diverse examples of policy governance practices for creative industries: the ‘DCMS model’ or British model of policy-making and the ‘European model’ takes cultural tourism and the heritage sub-sector as its starting point. Most of the European practices seem to be on a regional/local governance level: cultural tourism/heritage oriented (services); flagship buildings; regional specialised clusters; large amounts of European funds. There is no single pattern of policy-making (Costa *et al.*, 2008).

The topic of creative industries involves a rather diverse set of actors and actions, and that infers that the policy governance also includes a complex of key features to be analysed. The concept of multiple governance (Hill and Hupe, 2002⁵⁰) posits that the structure of a policy process can be analysed through the following elements: actors, sets of activities, action situations, and layers.⁵¹ In this study, we deal more with the action situations with the locus of the organisation and of the system. Looking at how the different actors and different administrative layers (e.g. the city administration as just an implementer of the policy or as policy formulator) are involved in institutional design of the CI policy system, at general rule setting and at managing relations in the cities.

⁴⁷ Heinelt, H. (2004) Governance auf lokaler Ebene in Benz, A., *Governance – Regieren in komplexen Regelsystemen* (Opladen, Leske + Budrich), 29-44.

⁴⁸ Balducci, A., Kunzmann, K. R. Sartorio, F. S. (2004) Towards creative city region governance in Italy and Germany, *DISP*, 158, 2-4.

⁴⁹ Lange, L. (2009) Re-scaling Governance in Berlin's Creative Economy. In *Creative Encounters Working Paper #39, December 2009*. Copenhagen Business School.

⁵⁰ Hill, M. J., Hupe, P. L. (2002) *Implementing Public Policy: Governance in theory and Practice*. London: Sage.

⁵¹ In this framework the actors in the policy process could be both public and private (or an individual or a group functioning as a corporate actor). Sets of activities consist of three broad sets of activities: constitutive, directive and operational governance referring respectively to structure-oriented, content-oriented and process-oriented sets of activities. Irrespective of the formal active layer the actor can perform specific activities in an action situation on a scale that varies from action of and between individuals, via action of and between organisations, to action on the system-scale. The term ‘layers’ refers to a specific kind of action location: the formal, legitimate political-administrative institutions, including representative organs, with specific competences.

As to the relevant actors and their role in different action levels and action situations Costa et al⁵² (2008) have described the governance procedures that promote creative industries in the cities. The three different axes of analysis that configure diverse models of governance are a) the territorial scale of intervention: national vs. local/regional, b) policy intervention vs. non-policies, c) public vs. non-public projects. These key features of governance exteriorize the action levels and situations of different actors – public sector, private sector, and third or non-profit sector – in the development and implementation of CI policy:

- a) Public sector – The national CI policy is usually carried out by central government that is responsible for the development of strategic objectives such as the priority given to mapping exercises, the updating of SIC and SOC codes or the promotion of the whole sector and/or sub-sectors internally and abroad.
The local/regional authorities may have their own strategies, within their own set of priorities. The local/regional level of governance also touches some dimensions that are not encompassed at a national level, such as the promotion of urban regeneration and/or attraction of talented professionals. Clustering is also usually the specific responsibility of the regional/city level administration as most of the clusters are region based.
- b) Private sector – In addition to the previous governance level there is another level, in which governance instruments are mainly regulatory and promotional without coming with too much political interference. This policy is a result of some (historically) strong industries and clusters lobbying for protectionism in the face of foreign competition.
- c) The non-profit sector – Besides governance models based on public projects, there are also non-public projects, which are mainly the product of not-for-profit organisations such as associations, foundations or agencies funded with public and/or private money. These are usually bodies that a) promote specific creative activity or a sub-sector, e.g. the Design Foundation; or b) promote the city, the region, a district in its diverse of creative activities through urban regeneration, education for creativity, promotion of events, an example being a CI Development Agency.

Regarding the abovementioned issues, one of the interesting questions is if the traditional forms of public governance (the hierarchical, centralistic and managerial character of public control) are being expanded and partially replaced by new, decentralised, network-like forms of contextualised control or not as yet. For example, in the context of cultural policy, it has been argued that the difficulty of determining an agreed definition of culture has been the cause of an argument that representatives from the culture sector should be involved in decision-making bodies (Mulcahy, 2002⁵³); also panels

⁵² P. Costa, M. Magalhães, B. Vasconcelos, G. Sugahara (2008) On 'creative cities' governance models: a comparative approach. *The Service Industries Journal*, 28(3), 393-413.

⁵³ Mulcahy, K. V. (2002) The State Arts Agency: An Overview of Cultural Federalism in the United States, *Journal of Arts Management, Law and Society*, 32, 67-80.

of experts are frequently used to advise on the quality of the cultural activities to be supported (Mulcahy, 2006, 266⁵⁴). The same could be said of the policy on creative industries.

Several studies argue that creative industries should be considered as new organisational forms that are modifying and creating new forms of governance arrangements on an institutional dimension as well on a larger scale (Lange, 2008⁵⁵; Kalandides, 2007⁵⁶). This project also makes an effort to a) describe how the extremely diverse organisational and institutional solutions govern this complicated policy area in practice and; b) contribute to the search for adequate instruments and best practice that will influence the development of creative industries (including the development of an economy of smaller units, production niches and of creative spaces or scenes, which is exactly the form of existence of creative industries).

⁵⁴ Mulcahy, K. V. (2006) Cultural Policy, in: Peters, B. G., Pierre, J. (ed) Handbook of Public Policy, Sage: London, Thousand Oaks, New Dehli.

⁵⁵ Lange, L. (2008) Accessing markets in creative industries – professionalization and social-spatial strategies of culturepreneurs in Berlin, *Creative Industries Journal*, 1(2): 115-135.;

⁵⁶ Kalandides, A. (2007) For a stricter use of the term 'gentrification', *Geographies*, 13: 158-172.

1.2.3 Developing the methodology: the template for the situation analysis

As mentioned above, the project aims to study the policies relating to creative industries in the partner cities. The project foresaw producing comparable results on creative industries policies and their supporting measures in the partner cities and, on the other hand, detailing best practice from 11 cities for developing and supporting creative industries within the main project themes (see section 1.1.4). Essentially, a methodology for the situation analysis was required.

Developing the methodology for the situation analysis the researchers considered it important to take into account the following issues:

- The methodology chosen had to enable interpretations and conclusions within a broad range of theoretical perspectives (as the multiple concepts approach had to be chosen as the theoretical framework);
- The methodology chosen had to enable the team to draw conclusions on all five main project topics; therefore the situation analysis had to provide some miscellaneous information on the cities;
- The methodology chosen had to reckon with the differences found in the 11 cities, including different development stages of the partner cities. On the one hand, the methodology had to be suitable for the cities that have years of experience in developing their CI; on the other hand, also for those cities that are only making their first steps in this regard;
- As the research object is specific cities' CI policies the understanding of the context of each city was considered highly relevant in order to draw conclusions on different practices in the cities.

Therefore a qualitative and rather open approach had to be chosen, which, simultaneously enables both conclusions on each particular city and comparison between the cities.

In addition, as mentioned, the five given themes differ in terms of essential qualities and that to a certain extent prompted reconsideration of the themes, which took the following form:

- General architecture of support (Theme 1) was considered to provide a general framework for other four themes
- The instruments supporting and developing CI are to be analysed in the frame of four themes: enhancing entrepreneurship, developing urban space, financial models and enhancing demand
- Best practices are also going to be collected within the same four themes.

A **qualitative, structured and semi-open questionnaire – the template** – for the situation analysis of the 11 cities was compiled. It consisted of the following four sections (See also the template in Appendix 1):

- A) The general architecture of public support for creative industries
- B) Best practice in urban policies for supporting creative industries across the project's main themes
- C) Criteria behind strategic choices / decisions in creative industries' policy
- D) Background data

Figure 2 describes the framework for the template.

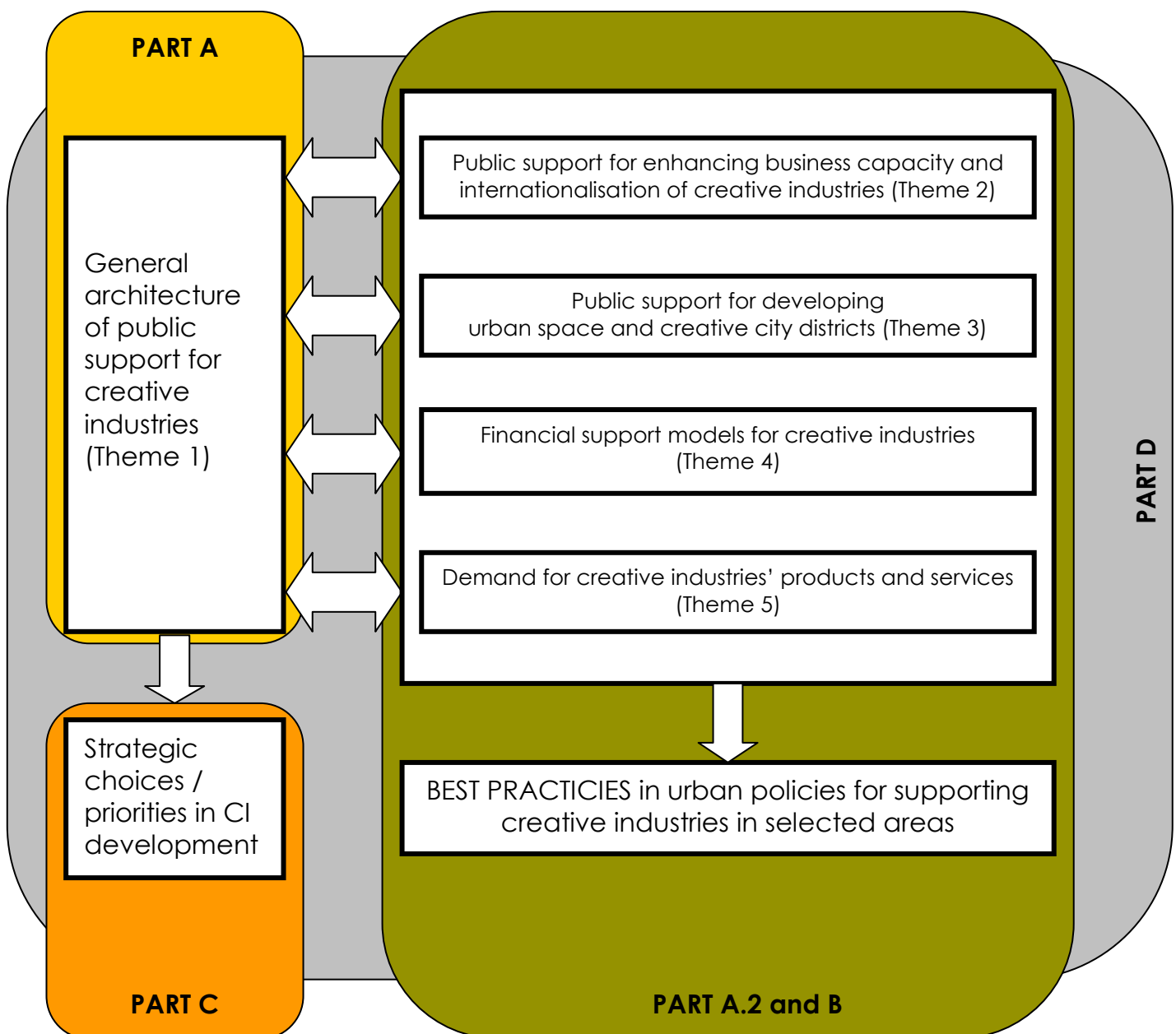


Figure 2. Framework of the template for the situation analysis

Part A – The general architecture of public support for CI – consisted of two main parts: (1) the description of the general architecture of public support (including aim and focus of CI policies, approach to CI, organisation of support, etc.), and (2) the description of concrete measures for supporting CI.

When compiling part A, the research team used the different CI concepts, key features and principles (types of intervention mechanisms, actors and parties of governance, etc.) from the policy analysis described previously (section 1.2.2) to frame the following topics for the situation analysis:

- The focus of the approach to creative industries
- The scope of the approach to creative industries
- The development aims for creative industries
- The linkages between creative industries and other sectors, activities, strategies, etc.
- The organisational structure of support
- Each city's role in governance and policymaking
- The cooperation patterns between the city and state and regional levels, and cooperation with business and the third (voluntary) sector
- Policy mechanisms and financial instruments for city development in different fields of activity

In addition, in composing part A.2 (concrete measures of supporting CI) the main types of intervention mechanisms were used to compose a list of measures. Due to the stated central themes of the project, the intervention mechanisms were divided between four main topics in developing the template.

In **part B** – Collecting best practices in urban policy for supporting CI in the selected themes – the city representatives were asked to describe 5 examples of best practice in the four main themes of the project.

A common structure to describe best practice consisting of 4 components was provided: (1) the explanation of the reason for selection of a certain case for best practice; (2) the description of the best practice and the main actors (initiators, partners) involved; (3) description of the implementation process of the practice and; (4) the diagnostics of the practice (including parameters of success, applicability in other cities, etc.).

Methodologically speaking, the common structure follows the logic of the description of the process by identifying the main goals, key actors, obstacles and providing an evaluation of this process. A similar structure to describe best practices is used in many previous studies⁵⁷.

⁵⁷ Lemberg, M., Terk, E., Viia, A. (2007) Info- ja kommunikatsioonitehnoloogia kasutuselevõtu potentsiaalid ja perspektiivid // Tallinn: Eesti Tuleviku-uuringute Instituut.

In **part C** – Criteria behind strategic choices / decisions in CI policy – the city representatives were asked to explain the reasons and the approach behind the strategic priorities (sectors, clusters, etc.) in their city. The aim of part C was to give further insights into the strategic choices made in each city when developing creative industries. This section also provided an opportunity to expand on the answers given in part A.

In part C, the respondents were approached differently according to the development stage of their CI support policies. The cities which had already chosen priorities were asked to describe the logic and reasons behind their selection; the representatives of cities still in the initial stage of developing CI policies, were asked which kinds of strategic choices they might be expected to make in terms of CI policies.

And in **part D** – Background data – the cities were asked to give an overview of the general situation in facts and figures on CI in the city, including the number of people and companies within the CI sector, the share of the CI sector of the GDP and the added value to the economy. Part D was meant to provide a general context for the analysis of creative industries in the cities.

1.2.4 Principles of analysis

The project targets providing insights into CI policies and supporting measures in accordance with five project themes, thus analysing the results of the completed template forms was conducted on the basis of the themes.

For the theme: Architecture of support (Theme 1) the answers to the following questions were used:

- The questions in part A.1 especially, but also
- questions in part A.2.1
- questions in part C
- questions in part D as general background information

For the theme: Business enhancement (Theme 2) the following responses were used:

- The measures described in part A.2.2 that focused on business enhancement
- The best practices described in part B focusing on business enhancement
- The general classification of measures from part A.2.1
- The input from A: A.1.2 (the aim of supporting CI)

For the theme: Developing urban space (Theme 3) the following responses were used:

- The measures described in part A.2.2 that focused on developing space

- The best practice described in part B focusing on developing space
- The general classification of measures from part A.2.1
- The input from part A: A.1.2 (the aim of supporting CI), A.1.3 (approach to supporting CI)

For the theme: Financial models (Theme 4) the following responses were used:

- The financial schemes behind all the measures described in part A.2.2
- The general classification of measures from part A.2.1
- The financial schemes behind the best practice described in part B
- The input from part A: A.1.4 g) (city funding for CI)

For the theme: Enhancing demand (Theme 5) the following responses were used:

- The measures described in part A.2.2 on enhancing demand
- The best practices described in part B on developing space
- The general classification of measures from part A.2.1
- The responses provided in part A: A.1.1 (strategic documents developing and supporting CI), A.1.2 (the aim of supporting CI), A.1.3 (approach of supporting CI), A.1.4 (role of city level).

As the five themes are closely connected to each other, the same questions touch upon and explain different themes. Thus, the answers cannot be cleanly allocated between the 5 themes. Furthermore, the same answers are frequently used under several themes.

Due to the close connections between all five themes, and reflecting the fact that the themes differ in quality, the results of the situation analysis are presented in the following sequence:

- **General Architecture (Theme 1)** – in order to establish the general framework for the cities' CI policies, the organisational structure of support and the general structure of measures supporting CI;
- **Business enhancement (Theme 2)** – for mapping cities' use of supply-side measures in supporting CI;
- **Enhancing Demand (Theme 5)** – for mapping cities' demand-side measures in supporting CI;
- **Developing Space (Theme 3)** – in order analyse cities' activities in developing space for supporting and developing CI;
- **Financial models (Theme 4)** – to summarise all the themes from the financial support perspective by analysing the financial schemes in use in the cities for supporting and developing CI.

In presenting the results, each chapter follows the same logic. Firstly, the theoretical introduction to the theme; secondly the analysis of the results of the situation analysis and thirdly, the chapter ends with the main findings on the theme.

When analysing the results the researchers proceed from the general theoretical framework as well as from theme-specific theoretical standpoints. In addition, the researchers also followed the principals of the grounded theory (Glaser and Strauss, 1967⁵⁸). This means that they not only tried to interpret the results in the given theoretical framework, but all the results revealed are used as important grounds for developing the theoretical and general conclusions of the whole research project.

⁵⁸ Glaser, B.G. & Stauss, A.L.(1967) *The Discovery of Grounded Theory. Strategies for Qualitative Research*. New York.

PART 2

Creative Industries policy intervention areas

2.1 General Architecture (Theme 1)

General architecture of public support for creative industries

2.1.1 Introduction to the theme: General architecture supporting creative industries

In the last decade many metropolitan areas throughout the world have developed policies for the creative industries. The first policy document on creative industries in Europe is probably that published by the Department for Culture, Media and Sport of the United Kingdom in 1998. In 2001 its Creative Industries Mapping Document presented the creative industries as the fastest growing economic sector in the UK. "The rise of the creative class" (Florida, 2002⁵⁹) declared creativity to be the driving force of economic growth in regions, at the same time announcing poets, novelists, artists, entertainers, actors, musicians, architects and designers as members of the core of the creative class. The seductive image of creativity as a driver of economic growth was born, and more and more cities started to develop creative city strategies, following a "creativity script" with "routinized practices" (Peck, 2005)⁶⁰.

The concept of creative industries developed from the cultural industries, and is connected with concepts like the creative class, and the knowledge, experience, creative or cultural economy (Gibson and Kong, 2005; Evans, 2009)⁶¹. These multivalent concepts describe "a space where the 'cultural' and the 'economic' collide" (Gibson and Kong, 2005), and are open to differing interpretations, both by academics and policy makers. In this research, we focus on creative industries policies through the eyes of the policy makers.

The researchers were faced with some difficult issues. Which terms are in use

⁵⁹ Florida, R. (2002). *The rise of the creative class*. New York: Basic Books.

⁶⁰ Peck, J. (2005), Struggling with the Creative Class, *International Journal of Urban and Regional Research*, 29(4): 740-770.

⁶¹ Gibson, C., Kong, L. (2005), Cultural economy: a critical review, *Progress in Human Geography* 29, 5: 541-561; Evans, G. (2009), Creative Cities, Creative Spaces and Urban Policy, *Urban Studies*, 46: 1003-1040.

in the 11 cities? How do they define this policy area? And why are they in use? To deepen our insight we also collected strategic documents in force (strategies, action plans, etc) on creative industries policies. We also asked policy makers to define the overall aim of the city's creative industries policies.

Academics and policy makers draw a distinction between 'sectoral' and 'clusteral' approaches. The sectoral approach is based on characteristics of the products and services (cultural value, content), often ending up with a list of sectors that are included or excluded.

The 'cluster' approach focuses on specific features of the organisation of production (and the labour market). Production is organised in a 'symbiotic' process, in which a large number of small firms – often together with a smaller number of larger firms, make up an economic cluster. In this research we consider economic clusters as interconnected organisations from different fields (both within the creative industries and other related fields), together with their specialised suppliers, service and infrastructure providers and associated organisations. These clusters often depend on close proximity, and tend to be spatially concentrated. In policy-making, these geographical clusters are applied as concepts interchangeably with economic clusters (Evans, 2009)⁶².

Some researchers and academics, like Landry (2000, 2006)⁶³, Florida (2002) and Howkins (2002)⁶⁴ put creativity at centre stage in economic and urban development. For policy makers creative industries are placed in a context of supporting creativity and innovation.

Our aim is not to evaluate the policies for the creative industries in the 11 cities, or to come up with the ultimate definitions and approaches. Instead we rate these options, opinions and interpretations as inputs for, and outputs of, policy-making. To cover this topic we asked the city representatives if their overall approach is sector or cluster-based, or if they support the sector as a whole? We also asked which sectors they considered creative industries. Respondents were also asked why certain priority sectors or clusters were chosen for development, and for the rationale behind those and other strategic choices.

Leadbeater and Oakly (1999)⁶⁵ argue that creative clusters "develop through complementary investments from multiple sources". It is like a public good, in

⁶² Evans, G. (2009), *Creative Cities, Creative Spaces and Urban Policy*, *Urban Studies*, 46: 1003-1040.

⁶³ Landry, C. (2000), *The creative city, a toolkit for urban innovators*, London: Earthscan Publications; Landry, C. (2006), *The art of city making*, London: Earthscan Publications.

⁶⁴ Howkins, J. (2007), *The creative economy, how people make money from ideas*, London: Penguin Books Ltd.

⁶⁵ Leadbeater, C., Oakly, K. (1999), *The independents, Britain's new cultural entrepreneurs*, London: Demos.

which “the responsibility for fostering cultural processes is increasingly being shared among public, private and non-profit actors” (Creative Europe Project, 2002)⁶⁶. For Scott (2000)⁶⁷ it is all on the right mix of entrepreneurial know-how, creative energy and public policy. So in our research we have included questions on the relationships between state, regional and local authorities. Specifically, we asked what the impact of regional, national and EU/international strategies on the goals of creative industries policies in cities. We also address cooperation models, and the division of tasks, between the public, private (business) and third (voluntary) sectors.

Globalisation changes the global hierarchy of places. Scott (2004)⁶⁸ describes a global, hypothetical landscape, with a growing diversity, and an increasing number, of centres for cultural-products industries. Through co-production, joint ventures and partnerships these centres are increasingly interlinked. Theory suggests the emergence of an international and interlinked network, composed of specialised clusters—some form of industrial cultural district. The creative industries or creative actions in general, are considered a source of competitive advantage for cities (Florida, 2002). How do the cities work on international cooperation? And how do they balance inward and outward dimensions in their policies?

Creative industries policies require cooperation between a large number of local and non-local actors from the public, private and third sectors, who mobilise resources, and work on a common cause. It is a multidimensional policy area, a space where cultural, economical, social, spatial and other dimensions collide. What kind of structures have the 11 cities developed to support the creative industries? What kind of concrete measures have the 11 cities developed?

This report concludes with a short overview of the measures, organised along the themes of the creative metropolises network. In the other thematic reports, these measures and best practices, will be described and analysed more thoroughly.

Policy-making is, in part, a creative process. It is a way to work on shared concerns, to ‘*call something into being which did not exist before*’. (Arendt, quoted in Stone, 1995)⁶⁹. In the Creative Metropolises network policy makers aim to develop ‘a more focused and efficient public support system for creative industries’. This report reflects the policies and experiences of 11

⁶⁶ ERICarts, (2002), *Creative Europe: On Governance and Management of Artistic Creativity in Europe*, Bonn, ARCo Media.

⁶⁷ Scott, A.J. (2000), *The Cultural economy of cities*, London, Thousand Oaks, New Delhi: Sage Publications.

⁶⁸ Scott, A.J. (2004), Cultural-products industries and urban economic development; prospects for growth and market contestation in global context, *Urban Affairs Review*, 39, 4: 461-490.

⁶⁹ Stone, C.N. (1995), ‘Political Leadership in Urban Politics’, *Theories of Urban Politics*, London, Thousand Oaks, New Delhi: Sage Publications.

cities. It is a rich source 'to generate new knowledge and approaches' and to move away from 'creativity scripts' and 'routinized practices'.

2.1.2. Results of the situation analysis: Policies for the creative industries

Long-term policies for creative industries are part of strategic city policies and planning in eight cities: Amsterdam, Barcelona, Berlin, Birmingham, Helsinki, Oslo, Riga and Stockholm. The other three cities (Tallinn, Vilnius and Warsaw) are developing policies for the creative industries.

Topics, which are important to analyse under Theme 1 can be divided into the three following levels: (1) aim level; (2) organizational support level; (3) the level of measures which are supporting the development of creative industries.

2.1.2.1. The aim of creative industries' policy in the cities

When reviewing the policy aims in the cities, we draw on the results of broader themes from the template: the aim of supporting creative industries in the city and the approach to supporting creative industries.

Strategic documents for developing and supporting creative industries

Firstly, the cities' strategic documents which relate to developing and supporting CI in the cities are analysed. The city representatives were asked to briefly describe the most important strategic documents in force aimed at supporting CI or including activities related to CI in their city. These documents were classified into thematic topics (see Table 3).

Table 3. Strategic documents in force at the city level which relate to developing and supporting CI⁷⁰

	Special strategy, programme, plan, etc. targeted on CI or sub-field, sub-sector of CI	City development plan, city's general strategy, etc.	Economic development strategy, programme, etc.	Art and / or culture development strategy, programme, etc.	Spatial development strategy, programme, etc.	Innovation strategy, programme, etc.	Other
Amsterdam	x	x	x	x			
Barcelona		x		x			x (Strategic Tourism and City Plan of Barcelona)
Berlin	x (sector-specific programmes)	x	x	x	x	x	(Tourism and Culture Marketing Plan for Berlin; Demography Plan; Foreign Affairs Support Concept for CI 2009-2013)
Birmingham	x	x			x		x (City University Policy, Corporate Plan 2007-2012)
Helsinki		x	x	x	x	x	
Oslo*				x	x	x	
Riga	x	x		x			
Stockholm		x	x		x		
Tallinn		x				x	
Warsaw		x	x	x	x		x (Copernicus Centre)
Vilnius		x	x	x			

* There are several documents on the national level.

Table 3 shows that in most cities we can find activities related to CI in the city's (general) development plan or strategy. This evidences that creative industries are considered important enough to include in the city's main development document. Another important conclusion is that activities related to CI are more often included in art and/or culture development strategies and programmes than in economic development documents. The table also shows that in half (Amsterdam, Berlin, Birmingham, Riga, and Stockholm) of the 11 cities special strategies or programmes targeting CI or a sub-field, or sub-sector of CI have been developed.

⁷⁰ Only the documents in force on the city or metropolitan area level are included.

There are certain differences in the cities' practices in developing strategic documents. The cities are divided into two different groups here according to the length of their history of support for CI. Among the cities with longer experience of developing CI, Amsterdam, Barcelona, Birmingham, Berlin and Helsinki⁷¹ form a separate group. In those cities creative industries are included in documents of several different fields (predominantly into cultural and economical, but also into tourism (Barcelona, Berlin), innovation, social and demographic (Berlin) and educational (Birmingham) development documents). Oslo and Stockholm, on the other hand, have included creative industries only into selected documents.

The cities with a shorter history of developing CI such as Riga, Tallinn, Warsaw and Vilnius are quite heterogeneous. Drawing conclusions is complicated because the connections with supporting and developing CI are not as explicit as in the documents of the first group of cities. Riga and Tallinn do stand out among this group, as they include direct references to developing CI in their documents.

The inward-outward focus of creative industries policies

Considering the **focus of cities' CI policy** (See Appendix 1: Template A.1.2. a & b), cities were expected to analyse their position in the context of three dimensions: economic⁷², social⁷³ and spatial/environmental⁷⁴ and to position their city on the inward-outward scale⁷⁵. The results are varied. The following table presents the cities' assessments of their position (see Table 4).

⁷¹ Warsaw is left out of this group here, because Warsaw's other answers point out that there are actually no policies related to creative industries taking place.

⁷² Economic (creating jobs within the CI and in other industries, enhancing entrepreneurship, "producing" economic wealth, etc.)

⁷³ Social (increasing social involvement, cultural diversity, improving education etc.)

⁷⁴ Spatial/environmental (making environment more attractive: urban space)

⁷⁵ Inward dimension: making city more attractive for local citizens, enlivening local cultural life, etc. Outward dimension: increasing export of creative products and services, attracting foreign investments, increasing the number of tourists, etc.

Table 4. Cities' assessment of their position on the inward-outward scale

	<div style="display: flex; align-items: center; justify-content: space-between;"> inward ← → outward </div>									
	1	2	3	4	5	6	7	8	9	10
Economic		Tallinn	Riga Vilnius	Barcelona Oslo	Birmingham Stockholm	Helsinki Warsaw	Amsterdam	Berlin		
Social		Barcelona	Berlin Birmingham Helsinki Oslo Stockholm Tallinn	Amsterdam Riga	Vilnius Warsaw					
Spatial		Amsterdam	Birmingham Oslo	Helsinki	Berlin Riga Stockholm Vilnius Warsaw	Tallinn			Barcelona	

Table 4 shows that in a majority of cases, the cities are considered to have a more inward focus than an outward one, and moreover, in all three dimensions, but especially the social dimension (an expected result).

Summarising the scores the cities have given on each dimension we can rank the cities as follows (see Table 5):

Table 5. Summary of the cities' scores on all three dimensions

	Sum of 'ticks'*
Berlin	16
Barcelona	15
Vilnius	13
Helsinki	13
Stockholm	13
Amsterdam	13
Riga	12
Tallinn	11
Birmingham	11
Oslo	10
Warsaw	16,5**

Most outward



Most inward

* The values of the three dimensions are summarised; the higher value the more outward and vice versa.

**Here the average (5.5) of the tick is used as in all three dimensions the score 4 to 7 was marked; this makes comparison with other cities complicated and therefore in analysis of this particular question Warsaw is left aside.

The most inward focusing cities (with the lowest score) are Oslo, Birmingham and Tallinn; also Riga can be placed into this group because all the 'ticked boxes' have values under 'six'. The most outward focusing cities are Barcelona and Berlin. A group of four cities, Amsterdam, Helsinki, Stockholm and Vilnius is somewhere in the middle, but proceeding from the given 'values' they still tend to have a more inward than outward focus.

Oslo's respondents based the argument that the city has an inward focus on the low export potential of CI; additionally, Oslo has proceeded from an understanding that to strengthen the inward potential will promote outward success:

The main reason is probably that very little of the CI sector has a high export content. Music, architecture and design are the three main areas/sub-clusters within the cultural/creative industries in the Oslo region and these are also the areas considered with most potential for export (although limited). Regarding the aim to increase the cities attractiveness, the main focus seems to be inward, but in many documents the importance of attracting tourists is also expressed. [Oslo]

Similarly to Oslo, Birmingham stressed the importance of strengthening the creative industries locally. Quoting:

*"... There are a great number of projects connecting local people with creativity and focussing on issues around addressing the "digital divide".
... two significant quarters – the Eastside and the Jewellery quarters in Birmingham and around Light House in Wolverhampton. These reflect all the sub-sectors and have provided an "economy of proximity" for creativity to flow (economic and social aspects).
... the growth has been in home grown entrepreneurs making success locally and then developing business internationally." [Birmingham]*

Riga and Tallinn, who are at the stage of developing their CI policies, have made their assessment based on current activities, which means that their position may change as their policies develop.

The reason for Barcelona's outward focus is connected to its focus on attracting foreign investments and capital, as well as tourists and foreign talent:

"[Considering the economic dimension] ... the outward dimension focuses on the foreign investments attraction. ... The spatial/environmental vision is focused mostly on foreign talent, capital and business attraction. "[Barcelona]

Berlin's representatives (contrary to Oslo and Birmingham) see the key in strengthening the CI sector in attracting more businesses from outside:

"Wealth creation brings effects for the people living in the city. Berlin's aim is to attract more businesses, investors and visitors from outside and to lead growth in the CI sector on this path. The main reason is that purchasing power and demand for creative and cultural products and services in Berlin do not suffice to secure the future growth of the companies. CI companies need to make use of foreign trade markets. Many of Berlin's CI sectors have a high export potential (music, design, fashion, games) and a great interest in foreign collaboration. Although many infrastructural support measures are there to improve the inward dimension, they aim in the long term for an outward direction because they provide the basis to make CI entrepreneurs strong enough to build up and manage international collaborations. Further, Berlin's city marketing, tourism marketing and

internationalisation strategy clearly aim at attracting people from outside.
 “[Berlin]

The inward-outward dimension differs not only between the cities, but also between economic, social and spatial/environmental policies:

a) The economic policies have an outward orientation.

Berlin's aim is to attract more business from outside. [Berlin]

There is a growing interest to attract more foreign investment and increasing the number of tourists. [Helsinki]

b) The spatial dimension sits in between inward and outward.

A need to balance local and regional/international dimensions of development.
 [Warsaw]

Regarding the aim to increase the cities attractiveness, the main focus seems to be inward, but in many documents the importance of attracting tourists is also expressed. [Oslo]

The spatial dimension is considered important for both local population (restoration of heritage objects, revitalising areas), and tourists. [Riga]

The urban city development is focused on human need adaptation and attraction of the city residents as well as city guests [Vilnius]

c) The social dimension is inward orientated.

Activities that have more of a social focus have, by nature, a more inward perspective. [Stockholm]

The citizens of Amsterdam are the main target group [Amsterdam. *The well being of the Helsinki residents is still a major issue behind developing CI* [Helsinki]. *A need to secure provision of services and proper living conditions for inhabitants.* [Warsaw]

The city CI policies focus on community cohesion and supporting the creative individuals/entrepreneurs. [Barcelona]

As seen from the above, there are differences – between cities and between policy dimensions – in the degree that policies for the Creative Industries are inward or outward oriented. The main issue seems to be: how to find the right balance?

The goals of cities' CI policies

In most cases the cities referred to certain documents (strategies, programmes, etc.) related to CI and described the aims expressed in those

documents. These aims and focuses of the city CI policies are analysed again in the following categories:

- The inward – outward dimension. Here the researchers searched for the following keywords: activities which relate to increasing the city's attraction for local citizens, enlivening local cultural life, etc. were considered as having an inward focus; and activities which relate to increasing export of creative products and services, attracting foreign investments, increasing the number of tourists, etc were considered as having an outward focus;
- Field of focus: here the answers were analysed via searching references to economic, social and spatial/environmental focuses.

The results of the content analysis show (see Table 6) that in most cases the aims of CI policies in corresponding documents relate to the economic dimension. The following topics were mentioned:

- Enhancing business related to CI;
- Seeing creativity as a driving force for structural change, economic growth and employment;
- Seeing creativity as a key strategic asset for improving competitiveness;
- Promoting creative entrepreneurship;
- Strengthening links between creativity and (product) innovation;
- Strengthening links between CI sectors and tourism, etc.

Table 6. The aim of cities' CI policies

	Inward	Outward	Both: Inward & outward	Inward-outward dimension not clear / not defined
Economic	Oslo	Amsterdam Birmingham Vilnius	Barcelona Berlin Helsinki Stockholm Tallinn	Riga
Spatial			Barcelona Tallinn Berlin	
Social	Oslo Berlin Vilnius			

The spatial dimension is especially clearly present in the case of Barcelona, but also in Tallinn. The social dimension is pointed out by Oslo (stressing cooperation and networking) and by Vilnius (emphasising the importance of stimulating public creativity and participation in culture). Cultural aspects are mentioned by Birmingham, Amsterdam and Berlin (referring to cultural diversity and intercultural exchange and cooperation).

Considering the inward – outward dimension, most cities attach importance to both dimensions. Still, based on the results, the aims of Amsterdam, Birmingham and Vilnius tend to have a predominantly outward focus by relating their ambition to be 'important European creative / cultural cities'. Oslo, on the other hand, can be considered as having a predominantly inward focus.

Comparing the results of these two topics – the focus of CI policies and the aim of CI policies – certain discrepancies can be recognised. The following conclusions can be drawn:

- In assessing the focus of CI policies the cities saw it as being more multi-dimensional (economic, social, spatial/environmental dimension) compared to the cities aims written in documents, which tend to reflect the dominance of the economic dimension;
- Even bigger differences between the results of the questions appear on the inward-outward scale. To cite some examples:
 - Birmingham's representatives assessed the focus of its CI policies as mainly inward focused, yet has set itself the goal of becoming a city well-known for culture and creativity in the UK and even in Europe;
 - The respondents from Amsterdam assess of the focus of its CI policies (especially in the context of the economic dimension) reflected inward and outward dimensions quite equally; at the same time, according to the aim, Amsterdam expects to become internationally known (in the top 5 of European cities by 2010) which refers to a clear outward dimension;
 - Berlin's representatives assessed the focus of its CI policy as dominantly outward oriented (according to the total score, Berlin is the most outward oriented city of the 11 cities – see Table 3); nevertheless, when describing Berlin's aims the inward dimension is also quite clearly evident (referring to ensuring the domestic demand, improving the conditions for SMEs, dealing with employment issues among artists, etc.);

Summing up, the differences in the answers can be interpreted in two ways. One could conclude that the aims the cities have established have to be aspirational and the CI policy is a complex of activities in different fields, and therefore the aim and the actual focus of policies are not likely to correspond exactly.

On the other hand, the results may be interpreted as simply symptomatic of the mismatch between the focus of the policies and the aims the cities have established for themselves, certainly at least as far as they are documented.

The terms in use

The aim and the focus of CI policies influence the city's approach to supporting CI and vice versa the aim and the focus are influenced by the approach. There are quite different practices in the cities with regard to **the terms used for CI** and the overall approach to supporting creative industries.

In addition, there are several different terms in use across the group of cities and even within one city administration different terms may be used in parallel. In many cases the cities have also changed the terms they use over time. Still, the most frequently used term is "creative industries" (see Table 7).

Table 7. Terms in use in 11 cities

	Creative industries	Cultural industries	Experience industries / experience economy	Creative economy	Cultural economy	Other
Amsterdam	x					
Barcelona	x					
Berlin ⁷⁶	x	x		x	x	
Birmingham	x					
Helsinki	x					
Oslo		x				
Riga	x					
Stockholm	x		x			
Tallinn	x		x	x		Creative city
Warsaw	x					Creative sector, knowledge-based economy
Vilnius	x	x				

In choosing the applicable term, the cities have proceeded from different strategies. In general, the cities can be divided into two groups based on:

- those cities which have been searching for the right term to encapsulate the city's needs, peculiarities and aspirations for some years, and,
- those cities which have just adopted a known term.

See also Table 8 below.

⁷⁶ Berlin uses creative industries and cultural industries synonymously, but the far more used term is – by now – creative industries.

Table 8. Division of the cities based on devising a term for CI or adoption of a pre-existing term

Devising their own approach to the term	Adopting a pre-existing term
Amsterdam Barcelona Berlin Oslo Stockholm Vilnius	Birmingham Helsinki Riga Tallinn Warsaw

In terms of developing their favoured terms, the cities have predominantly focused on broadening the creative industries term. To be more specific, in some cases that has meant emphasising the links with technology and innovation (Barcelona), in other cases it has meant including additional sectors such as tourism (Stockholm) or sport and tourism (Vilnius). All in all, this also means that the term “creative industries” that is most in use has different connotations in different cities.

Strategic choices and priorities in creative industries policy

Developing policies usually means making some strategic choices on how to approach the topic. Considering the development of CI policy, the alternatives available to the case cities include:

- a) The city has chosen certain priority sectors for CI development (sector-based policy)
- b) The city has chosen priority clusters for CI development (cluster-based policy)
- c) The CI sector as a whole is supported
- d) CI is a new subject for the city; the related strategies are not yet developed and/or are in the process of being developed
- e) The city has another preferred strategy for CI development

Summarising the results, there are three dominating alternative options for developing CI in the case cities (see also Table 9):

- Cities where a sector and/or cluster-based approach dominates;
- Cities where the CI sector is supported as a whole;
- Cities where CI is a new subject and the related policy is not yet developed.

Table 9. Overall approach to support of CI in the cities

	City has chosen priority sectors or clusters for CI development	City supports CI sector as a whole	CI related policy is not yet developed
Amsterdam		x	
Barcelona	x		
Berlin	x	x	
Birmingham	x		
Helsinki	x	x	
Oslo	x		
Riga			x
Stockholm	x		
Tallinn			x
Vilnius	(x)		x
Warsaw			x

Note: summary of the answers to questions Q.A.1.3.c and C1 (see Appendix 1: Template).

As Table 9 shows, six cities out of 11 have stated that priority sectors or clusters have been chosen on a city level. These are Barcelona, Berlin, Birmingham, Helsinki, Oslo and Stockholm. Berlin, Helsinki and first of all, Amsterdam have claimed that they are supporting the CI sector as a whole. Generally, that means that their overall CI policy includes some measures targeted on some sectors or clusters (depending on the sector-specific characteristics). Yet, it should be noted that several approaches tend to exist simultaneously and most cities are mixing different approaches. In Riga, Tallinn, Warsaw and also in Vilnius, CI is a new subject for the city and the related strategic choices are at the development stage.

Considering the reasons which have led to the definition of certain priorities in the field of CI policy there are three dominating reasons which have supported the cities choice to define certain prioritised sectors or clusters:

- The priority sectors/clusters could increase the competitiveness of the city in the future
- The priority is based on advanced universities and R&D centres in these fields
- The priority sectors/clusters are historically strong (see Table 10).

Table 10. The reasons behind prioritised sectors and clusters

	Barcelona	Berlin	Birmingham	Helsinki	Oslo	Stockholm
The priority sectors/clusters are historically strong	x	x	x	x		
The selection of priority sectors/clusters is based on the uniqueness of these areas in a European/global context		x	x	x		
The priority sectors/clusters reflect the uniqueness of the city		x	x	x	x	
The priority sectors/clusters could increase the competitiveness of the city in the future	x	x	x	x	x	x
The priority sectors/clusters are selected on the basis of country-level priorities					x	
The priority sectors/clusters are selected because of the growing market in these fields (nationally, internationally)	x	x	x			
The priority sectors/clusters are selected because of the strong lobby from the sector organisations or other organisations (e.g. Chamber of commerce, arts council etc)						x
The priority is based on strong enterprises in these sectors/clusters			x	x		
The priority is based on advanced universities and R&D centres on these fields	x		x	x		x
Other (please specify)					x (based on a study of strengths and weaknesses)	

Based on these aforementioned reasons, the role of educational institutions in supporting the development of CI can be emphasised, along with the importance of the historical background that stresses the role of path dependency. And by defining certain priority fields (sectors or clusters) the cities' position in competitiveness may be expected to improve; in other words, the cities are expecting economic success.

2.1.2.2 Organisational support level

In terms of the organisational support level, it is important to analyse the following topics:

- How the support architecture is divided between state, regional and city levels;
- What type of organisational structure has been established;
- How the cities cooperate with the third and the business sectors.

The division of support architecture between city, regional and state levels

All the cities follow broadly similar models and the division of responsibility is more or less clear. Exceptions here are Amsterdam and Stockholm. In Amsterdam, there is no clear division between the tasks and objectives between the state and city level. Different expert and policy meetings play an important role there. As for Stockholm, the development of CI depends on separate initiatives from different actors within the administration. The division of responsibilities between different levels is not formally clarified; still the most important actors in the support system for the CI are to be found at city and regional level.

The national level supports CI primarily through creating a legal framework and financial support. There are usually different ministries involved, and in most cases those are the ministries of Industry and Trade, Economic Affairs, Culture, Education and Innovation.

The stronger role of the regional level in CI development is clearly present in only 3 cities –Amsterdam, Barcelona and Birmingham, and to a lesser extent in Stockholm. Berlin, as a city state, is a special case; Berlin is a city and a region at the same, the region is limited to the city borders. This means that the city support level is the same as the regional support level. In addition there are twelve local governments which each offer their own CI support measures dedicated to the local city district. Even so, the city level in Berlin has a much stronger role in CI support than the national or the local level. In general, the role of the regional administration is mainly complementary or mediating, except in the case of Birmingham, where many support schemes for CI are provided through regional programmes. In all post-Soviet cities the regional level is practically absent. The city level is the most diverse, and it is here that the most concrete measures for supporting CI are offered.

To assist in comprehending such a complicated issue as the division of support architecture, the results are described here city by city.

Amsterdam

In general the city initiates its own goals for supporting CI, also for historical reasons. The city started to develop these policies in 2002; the first national policies were developed in 2005. [Amsterdam]

The policies for the creative industries are still developing. There is no clear division between tasks and objectives between state, provincial (regional) and city level. There are many policy and other meetings concerning policies for the creative industries and with a lot of interaction between national, provincial (regional) and city level.

The development of policies and decision-making is made within the separate governmental entities.

National level	Regional level
<p>The Department of Education, Culture and Science and the Department of Economic Affairs developed a Programme for the Creative Industries 2005-2008. The two departments evaluated the programme 2005-2008 and have just presented their new programme 2009-2013 (September 2009)</p>	<p>Creative Cities Amsterdam Area is a collaboration (since 2008) between 7 cities in the Amsterdam Metropolitan Area (AMA) on:</p> <ul style="list-style-type: none"> • coordination of policies for creative industries • services to support the development of the creative industries • international promotion <p>It is a project-based organisation</p>

From the perspective of the city, there are efforts to influence the national agenda and objectives. From the city (or regional) perspective the national policies are considered as a way to (partly) finance projects and activities.

Barcelona

Barcelona has different strategic documents where the CI policies are contemplated as important support areas, so the city has its own goals on this matter regardless of the State or regional government. [Barcelona]

Barcelona participates in various initiatives programmes and networks on a European stage that develop projects related with creative industries. [Barcelona]

National level	Regional level
<p>The Spanish Government develops its CI policies through three governing bodies:</p> <ul style="list-style-type: none"> • Ministry of Industry, Tourism and Trade (industrial development, and innovation, trade policy, small and medium-sized enterprises, energy and mining, tourism, telecommunications, audiovisual media and the development of the Information Society) • Ministry of Science and Innovation, which coordinates all the innovation policies, the CDTI (Centro de Desarrollo Tecnológico Industrial) and DDI (Society for design promotion) • Ministry of Culture (Administration and Information Society, Stage Arts and Music, Film and Audiovisuals, Books, Art promotion and Intellectual property) 	<p>According to the Spanish Constitution, the cultural competences are transferred to the Autonomous Communities. The Government of Catalonia assumes the responsibilities related to the cultural and creative industries through:</p> <ul style="list-style-type: none"> • Department of Culture and Media: manages the Catalan Institute for the Cultural Industries, which administers subsidies, returnable contributions and loans. This institute is the agent that supports the cultural companies in Catalonia and it aims to promote the development of the companies, which produce, distribute and market cultural and creative products and services. • Department of Innovation, Universities and Enterprise: offers loans and programs for research, innovation and internationalisation programs

The local supporting architecture for the CI is mainly based on the following institutions:

- Economic Promotion Department of the City Council
- Culture Institute
- Barcelona Activa
- 22@

Berlin

Berlin is one of the three 'city states' in Germany. A creative industry policy is in the realm of the states, Thus Berlin is autonomous in its strategy of supporting the creative industry. [Berlin]

National level	Regional level
<p>The competences of the various levels in the Federal Republic are clear cut. The legal framework for all industries is set on the federal level. Some areas are of particular importance for the CI, namely the copyright laws, the regulations concerning freelance work and small enterprises, including social policies for this group. Examples of support on the national level are the National Film Fund and the Music Initiative.</p> <p>In strategic respects, the national initiative "Cultural and Creative Industries" of the German Government only started in mid 2008. Some of its activities are:</p> <ul style="list-style-type: none"> ● Studies / surveys ● Sector-based industry hearings ● Establishing a competence centre CI with regional contact points for information and consultation 	<p>Cultural and CI policies, support from the cultural and creative fields, concrete measures for particular industries etc., are strongly stated in the legal responsibility of the federal states, i.e. in this case of Berlin. Cities and federal states ("Bundesländer") develop their own policies in regard to spatial goals, to tangible support of companies or clusters. In Berlin, as a city state, the difference between the state level and the regional or city level is not as important as in other German states. On regional/city level, there is a broad infrastructural support. The support instruments of the state of Berlin are much broader and also designed to be more sector specific than those at the national level. In this respect, Berlin serves as a best practice example within Germany and also takes a leading role within the German CI policy discussion. The state of Berlin maintains close cooperation and intensive exchange through regular meetings with all other levels and uses working groups to interact with at national level, with other federal states in Germany, and with the local city districts of Berlin.</p> <p>On a local level there is an increasing number of additional CI support measures.</p>

Birmingham

Birmingham's CI policies follow the national strategy defined by the Department for Culture, Media and Sports. This is mainly established via development agencies on the regional level. In addition, the city has developed its own city

master plan regarding social, economic and environmental development, wherein CI is a key factor. [Birmingham]

National level	Regional level
<p>The Department for Culture, Media and Sport (DCMS) has lead responsibility in Government for Architecture, the Arts and Antiques Markets, Crafts, Designer Fashion, Film and Video, Music, Performing Arts and Television and Radio. The DCMS and the Department for Business Enterprise and Regulatory Reform (BERR) share responsibility for Advertising, Computer and Video Games, Design and Publishing. BERR is responsible for Software. (In June 2009 BERR merged with the Department for Industry, University and Skills to form the new Government Department for Business, Innovation and Skills).</p>	<p>Direct business support is organised via regional agencies, for the West Midlands these are: the regional development agency Advantage West Midlands, the Arts Council West Midlands and Business Link West Midlands providing different services for financial support, consultancy, knowledge and skills, space and incubation as well as promotion and marketing for the CI. At the regional level, there is also a focus on "Corridors" and "Zones".</p>

Birmingham City Council also provides direct business services for the CI (BSCI) in terms of space and incubation, feasibility studies, business development and business programmes. A Creative City Award is given to the most successful participating businesses. The City Council is responsible for the cities master planning process that defines the CI as a key growth sector and includes the development of creative city quarters. It also supports several agencies, institutions and local players concerned with local initiatives supporting the development of CI.

Helsinki

Even though the City can independently choose its own goals for supporting CI, it is also depending on the decisions made at the national level e.g. on the nature of funding programmes. [Helsinki]

The City wants its actions to be in line with national developments, even though there is no obligation for this. [Helsinki]

National level	Regional level
<p>The state is responsible for creating the basic infrastructure and services for supporting CI. Besides the measures aimed directly at the CI, the state is also responsible for supporting education and culture (Ministry of Education) as well as for creating favourable conditions for business activity (Ministry of Employment and the Economy). National measures aimed at CI include a cultural exports promotion programme (ME), Creative Industries Finland (CIF) providing information, events, and networks for developers and policy makers of the creative economy and the strategic project of the Ministry of Employment and the Economy on creative economy.</p>	<p>TE-Centres (economic and development centres) are joint regional service centres under the Ministry of Employment and the Economy and the Ministry of Agriculture and Forestry. The main tasks of the TE-Centres are: 1) to support the SMEs, 2) to promote technological development of enterprises, 3) to implement regional labour policies, 4) to plan and organise adult training and, 5) to promote farming, fisheries and rural enterprise activities. The TE centre for Uusimaa (Helsinki region) supports specialised services for CI, such as the Arabus incubator/start-up centre for CI.</p>

The role of the City of Helsinki is to offer targeted services to CI that complement the infrastructure and services offered by national and regional actors. Rather than creating new projects concentrating on CI, the idea is to create synergy between different (pre-existing) measures at the national, regional and local level. One challenge is to coordinate those different local measures somehow supportive of CI, but not necessarily aimed exclusively at CI. But besides complementing the services offered by the others, Helsinki also offers its own consulting services, especially to start-up companies.

Oslo

The cities goal for supporting CI is related to the action plan for CI developed by the government as well as more general cluster-based innovation strategies. The concrete goals are developed by the city and presented in the regional innovation programme. [Oslo]

National level	Regional level
The state has formulated an overall strategy, and is a co-financer, e.g. through Innovation Norway, Arts Council of Norway, The Norwegian Film Institute, etc., of many initiatives. It is also important to notice that several ministries are involved in different ways, but the most important are the Ministry of Trade and Industry (innovation and business perspectives), The Ministry of Culture and Church Affairs (support of the cultural sector, but also business perspectives), The Ministry of Local Government and Regional Development (both business and culture, especially cultural based industrial development and the attractiveness of the capital city)	Since the capital city is both a county and a municipality, the regional level is absent.

The city focuses on specific measures for cluster development (Oslo cultural networks) and the development and support of different forms of sub-clusters. It does also however, focus on the cultural sector in the city as well as the cultural infrastructure (buildings, institutions, etc.).

Riga

The most complete city level document covering CI, the Riga city cultural strategy 2008-2025, adopted key definitions from the national level strategic documents. [Riga]

National level	Regional level
The Ministry of Culture has so far been the most active in the field of practical support for the CI. It developed the first and main policy document that included a definition of CI. It also contributed to having CI recognised as a special group of recipients of support from the Latvian Investment and Development Agency. The Ministry of Culture supervises the Culture and Creative Industries Education Centre, the National Film Centre, the Culture Information Systems Agency, and the	Cooperation with the regional level is practically absent.

State Culture Capital Foundation.

The Ministry of Economics supervises the Investment and Development Agency of Latvia which is the main source of funding for businesses; funding is aimed at enhancing the export and development of entrepreneurship in general. The agency has prioritised the design sector, however the share of support recipients is not high compared to other sectors of the economy. The Design Council under the Ministry of Economics operates to facilitate cooperation between state institutions and non-governmental organisations in the field of design.

The city municipality provides various kinds of support for CI through several departments and other units; however, there is no dedicated unit for the coordination of CI related activity. The culture department is the most active in emphasising CI at this time.

Stockholm

Generally speaking, however, every Municipality in the Stockholm region is responsible for developing its own goals and targets [Stockholm].

The division of responsibilities in the support/development of the creative industry in the city (and in the region) is not yet formally clarified. A considerable amount of work is being done without any earmarked funding.

National level	Regional level
The Knowledge Foundation and its pioneering national programme for the Experience Industry has been important for the development of the fashion and design sector in Stockholm and in the construction of the creative city district of Telefonplan.	Public actors, such as the County Administrative Board and the Stockholm County Council, have contributed with various relevant analyses and reports

Since no clear division of responsibility exists, development depends on separate initiatives from different administrative actors. The most important actors in the support system for the creative industry are to be found at local and regional level.

Tallinn

Although the city doesn't have a single clear strategy for the CI development it has initiated different activities and these activities are derived from the city's interests. [Tallinn]

National level	Regional level
The state provides grants for artists, writers, etc. Organisations can apply for support for organising festivals and other events from both levels. Some examples of cooperation between state and city on	There is practically no cooperation on a regional level on developing CI.

developing CI can be seen in the project 'Tallinn- Cultural Capital of Europe 2011' and a cluster programme. The latter means that city supports the applicants of the national cluster programme with part of the required self-financing. The cultural capital project is financed both by city and state and cooperation occurs mainly with the Ministry of Culture.

The programme for supporting creative centres and incubators is under development at the state level. This could be a measure to support local activities – in Tallinn it could mean some support for creative incubator activities and development of the Culture Cauldron.

Warsaw

Supporting CI is a task for local (city) authorities; urban policy at the central and regional level does not exist, thus there is no policy related to CI development.

Vilnius

Vilnius city's support policy is an integral part of an EU, regional and national policy, which cannot take any direction other than the one decided upon at national or EU strategic-guideline level. However the city is free to select the particular CI support strategy implementation tools and instruments, such as a tourism stimulation policy, the city's image formation, the spectrum of cultural events in the city, the city's support for business, city urbanisation, public space design and maintenance, the city's public commissions for CI enterprises and so on.

For the last few years there have been active public organisations in Vilnius, which are associated with CI enterprise structures that initiate and contribute to CI policy development in the city. [Vilnius]

National level	Regional level
Political-legal support is more governmental privilege to form CI support strategies; adapt the tax system (discounts and exceptions CI: VAT, enterprise certificates, copyrights). Also national and EU structural fund financing is coordinated at governmental level: stimulation of cluster formations, an art incubator program, innovation, education in business adaption stimulation, export stimulation.	There is no cooperation with regional level authorities.

Vilnius city initiates and stimulates small and medium-scale enterprises, youth enterprise training programs; and also supports public cultural projects. In addition urban development and vision formation for separate city areas are the responsibility of the city. Further, Vilnius city noticeably contributes to enhancing participation and to market stimulation (public space design, social advertising, event organisation and so on).

The explicit role of the city

Two themes merit attention in any discussion of the explicit role of the city. On the one hand, we can talk on the amount of fields or sectors the cities are focusing on in developing and supporting CI and, on the other hand, the specific supporting measures the cities have initiated.

There are a considerable number of fields of activity and they are very varied in character, and that paints a rather diverse picture. In describing the city's role in supporting CI the city authorities point out various activities. The following fields are in focus in the majority of the cities:

- Enhancing entrepreneurship, stimulating creative businesses, entrepreneurs
- Support for education, development of arts education, and other different educational initiatives, activities
- Development of districts, (re)development of buildings, development of places to live and work
- Urban planning, spatial development
- Different cultural initiatives including Festivals, programs for youth, support of cultural diversity, etc.
- Supporting links and partnerships between CI and other sectors (including ICT)
- City marketing, development of city image, internationalisation
- Development of tourism.

Organisational structure of creative industries' development

According to the results, the cities can be distinguished on two dimensions. The first is the existence of a special body on the city level and, the second, the involvement of institutions and organisations from outside the city administrative structure. Differences between the cities can also be found in the amount of involvement of different city departments (see Table 11).

Table 11. Organisational structure of development and support for CI

	Special team / body	Culture department (or similar)	Economic department (or similar)	Other city departments	Other parties	No definite leading unit
Amsterdam	X (policy)	X	X			
Barcelona		X	X		Barcelona Activa Culture Institute, 22@, etc.	X
Berlin	X (policy, advisory)	X	X	Senate Department for Urban Development, Senate Department for Education, Science and Research.	Berlin Partner, Medienboard Berlin-Brandenburg, sector-specific networks	
Birmingham			X		Local strategic partnerships, Business Insight, universities, regional funds, private or community based initiatives	
Helsinki		X	X	Youth department, City Planning Department	Library 10, Cable Factory, other	X
Oslo	X (implementation)	X				
Riga		X (most active at the moment)	X	Development department		X
Stockholm	X (implementation)	X		District Administration of Högersten (city district)	University College of Arts, crafts and design, different parties at regional level	
Tallinn		X	X	City Planning Department, City Office Development Bureau		X (the leading unit is not yet clear)
Vilnius		X	X	City Development Department		X (the leading unit is not yet clear)
Warsaw		X	X	Department of European Programs		X (the leading unit is not yet clear)

Dominating party / option

As Table 11 shows, the cities are following different models in their organisational structure of support for CI. Overall, two dominant models or alternatives for describing organisational structure of support for CI in the cities can be distinguished:

- The special team or body model – a special team or body has been established and plays the leading role in policy development;
- No institutional leader model – where many different parties, including different city departments and other organisations, are involved and none of those has a clear leading role.

According to the classification described above, 2 cities out of 11 are following the special body model in policy development. A special body or team has been established in Amsterdam and Berlin (see also the box on page 68).

Oslo and Stockholm have directed the implementation of CI policy measures (except the measures for more cultural content support) to the special agency. Two cities of the 11 are following the “no institutional leader model”. These are Barcelona and Helsinki. There is also another form of this model: the leading unit is missing, but the reason for that is that the organisational structure is not yet clear. This version of this model dominates in Tallinn, Warsaw and Vilnius and also in Riga. These cities mentioned also belong to the group of cities where the organisational structure for support is still at the development (initial) stage.

In Berlin, the special body and the economic department are both important regarding the CI strategies. The development of CI policies is organised and lead by the Senate Department of Economics – in close collaboration with the steering committee. This committee, serving as a special body, has advisory duties and develops recommendations for the work and policies of the Senate. The management of the CI cluster and the policy implementation is organised by the Senate's initiative “Project Future”. Project Future functions as the committee's office and is based directly within the Senate Department for Economics, namely in the division of ICT, media, creative industries.

The steering committee is headed by the Senator of Economics and forms an inter-departmental and cross-sectoral body. It is constituted by approximately 25 people, amongst them representatives of four senate departments (economic, cultural, urban, research/education) and of key CI companies.

Further information: Creative Industries in Berlin. Development and Potential. Report, 2008; Berlin: projektzukunft.

Table 11 points to the following conclusions on the involvement of different city units or departments in the organisation of support:

- Firstly, an economic department (or similar) is involved in practically all the cities
- Secondly, a culture department (or similar) is involved in 9 of the 11 cities
- Thirdly, the other city department involved is a city planning or development department, dealing with spatial planning issues. However, it should be noted that the involvement of a city planning department is more associated with those cities at the development stage of supporting CI (with the exception of Helsinki and Stockholm).

The city's cooperation with business and the third sector

Today cities are challenged to cooperate with different stakeholders in developing city policies. As CI is quite a new economic sector, the knowledge of the sector is not as developed in the city administration as it is among the main actors in the sector. The respondents from the case cities reveal that the cooperation with business and the third sector is valued, but the cities are at a different stage of development (see Table 12).

Table 12. Cooperation with business and the third sector

	Co-operation with the business sector	Co-operation with third sector
Amsterdam	Many different organisations, partners involved, especially Chamber of Commerce	Many different organisations, partners involved
Barcelona	Many different cooperation initiatives	Many different cooperation initiatives
Berlin	Many different cooperation initiatives involved.	Many different cooperation initiatives, associations and networks involved, especially the Senate's initiative "Future Project", but also the Cultural Department.
Birmingham	Entrepreneurs have always played an important role	In development stage
Helsinki	E.g. Forum Virium Helsinki	Cooperation with associations is important
Oslo	Data lacking	
Riga	City expects private sector to come up with initiatives, to provide guidance and advice for the municipality	City expects the third sector to come up with initiatives, to provide guidance and advice for the municipality
Stockholm	Triple helix model is largely used No specific cooperation model worked out, but is one of the aims	
Tallinn	Division of roles unclear	
Vilnius	Cooperation considered important	
Warsaw	No model can be distinguished at this point	

Table 12 indicates that some cities can be highlighted –Amsterdam and Barcelona especially, but also Berlin and Stockholm, can be described as cities where many different organisations and partners from business as well as from the third sector are involved in supporting and developing CI. Birmingham also attaches great importance to involving the business sector; and in Helsinki the cooperation with the third sector (in the form of associations) is considered important.

International cooperation

The international cooperation in the cities follows a quite similar pattern to the cooperation described in the previous paragraph. Amsterdam, Barcelona

and Berlin can be described as cities that have quite well-developed international cooperation in the field of CI. As they describe below:

[Amsterdam] The city of Amsterdam, along with its partners, participates in several international networks (Creative Metropolises, Eurocities). In addition to these networks that exchange knowledge, experiences and best practices, there are emerging other forms of international cooperation. For example: CCAA and Ruhr 2010 (Cultural Capital) are exploring possibilities for cooperation and exchange between the Ruhr Metropolis and the AMA. This cooperation includes:

- residences for the exchange of creatives between the two partners
- matchmaking to realise joint projects (using new web 2.0 technology)
- cross-national meetings to strengthen cooperation bonds

[Barcelona] The different projects related to the creative industries that are developed in Barcelona have important international connections, and in some cases have been a reference for the rest of the country's projects. However, beyond these connections, two elements must be taken into account:

- Traditionally, Barcelona has assumed a leadership role in different networks because it believes that openness is essential for its own local development (Barcelona's prominence in the boost to the Agenda 21 for Culture is an example of this)
- In general terms, Barcelona City council participates actively in some significant networks that generically support entrepreneurs, in the CI sector amongst others. Some of those networks are: EBN – The European BIC (Business Innovation Centre) network; IASP – International Association of Science Parks

[Berlin] The city of Berlin has a clear focus on international relations in the field of CI. The city participates actively in several important networks (Network of European Cities of Culture, Eurocities, UNESCO Creative Cities Network, BaltMet, Asia Pacific Weeks, Union of Capitals of the European Union, Network of Cultural Capitals...), maintains close contact to its sister cities worldwide in town twinning programs (Paris, Los Angeles, Mexico, Tokyo, Buenos Aires...), and strengthens international cooperation through EU programmes and EU projects (such as Creative Metropolises, REDICT, DICE, Innovation Circus).

As early as 2005, UNESCO appointed Berlin – as the first city in Europe – to the "Creative Cities Network under the framework of UNESCO's Global Alliance for Cultural Diversity" and awarded Berlin the title of "City of Design". In addition, there is much international cooperation on network, platform and association levels. Here, the focus is mostly on business oriented collaboration, matchmaking and foreign market development.

There is also the "Foreign Affairs Support Concept for Berlin's CI 2009-2013", which maps all foreign affairs activities and internationalisation support instruments in each of the CI sectors and develops specific recommendations and required actions.

Birmingham, Helsinki and Stockholm are not far behind those cities; international cooperation takes place via (regular) participation in different international programs and projects. In the rest of the cities the level of international cooperation is quite modest.

2.1.2.3 Specific measures in force

In analysing the situation of CI policies in the cities, the next important topic after strategic aims, focuses and organisational structure, is the specific measures that are in force in the cities. In other words, the practical implementation of CI policy.

First, if we look how broad the scale of measures is (see Appendix 1: Template) and the division of measures between national, regional and city level, we can draw the following conclusions:

- There are measures supporting CI at national and city level in all eleven cities⁷⁷, yet, the amount of different measures at the national level varies considerably. The cities can be split into two groups. In 5 of the cities – in Amsterdam, Helsinki, Oslo, Riga and Vilnius– there are very many different measures in force at national level. In the remainder, the amount of measures at a national level varies far less.
- Measures on a regional level are (practically) absent in four cities (Oslo, Riga, Tallinn and Vilnius). Berlin has to be regarded as a special case⁷⁸. In Amsterdam, Barcelona and Birmingham (and to a lesser extent in Stockholm) the regional level plays a more important role than with other cities. This fact supports the findings of the regional cooperation patterns discussed in previous sections.
- One more or less common feature is that the least-used measures are those that can be classified as financial support models for creative industries. For example, there are no examples of tax system support on a city level from among these 11 cities (this is also rarely practised at national and regional level) (See also chapter 2.5).

Regarding the type of **measures in force at the city level**, the picture is again very varied. Comparing the cities, there are six where the complex of measures to support CI is the most varied: these are Amsterdam, Barcelona, Berlin, Birmingham, Helsinki and Stockholm. In those cities, all four thematic groups of measures—business support, support for developing urban space, financial support models for CI and measures for demand for CI products and services—are quite evenly distributed. Those aforementioned cities are also the ones with the most practice at developing city level policies, and the first four have also done it in the field of CI for a longer period than the others.

The most commonly reported measures are those that touch upon enhancing the business capacity of CI and also supporting development of

⁷⁷ No data on Warsaw at this point.

⁷⁸ Berlin is a "city-state", and thus it can be seen as a city and a region at the same time. This means that in Berlin all measures on the city level equal those of the regional level. In addition there are 12 districts within Berlin with their own local government. They are becoming more and more active in supporting CI.

urban space and creative city districts. This spatial development theme (and its related measures) seems to be especially popular in the former soviet regime cities, where the renewal of the city space and image is more strongly emphasised than in older western cities (see also chapter 2.4).

The next chapters of the report will give a more thorough insight into the measures, which are targeted at different aspects of CI development in the cities.

2.1.3 Main findings

Of the 11 cities that participate in the Creative Metropolises network, seven have more developed creative industries policies (Amsterdam, Barcelona, Berlin, Birmingham, Helsinki, Oslo, and Stockholm), and the other four cities (Tallinn, Riga, Vilnius and Warsaw) are in a process of developing those policies. In view of this fact, the main findings on theme 1 are presented as follows.

- These 11 cities that participate in the Creative Metropolises network are starting from different points in their creative industries policies. Elements of different concepts such as the creative city, creative class, and experience economy, can be noticed. However, it is more common to mix elements of several different concepts in developing CI policies.
- The most commonly used term among the policy makers of the 11 cities is creative industries, although the term has a different connotation in every city. The core of the creative industries consists of industries like: advertising, architecture, art, crafts, design, fashion, film, television, radio, music, performing arts, publishing, software (including games). On these sectors most cities agree. Sectors also mentioned by the participating cities include tourism, sport and food.
- Creative industries are 'mainstreaming' into cultural, economic, social, spatial and other policy areas. It is a multidimensional and inter-sectoral policy area.
- A few cities (Amsterdam, Helsinki) support the creative industries as a whole. In the other cities, with developed creative industries policies, priority clusters or groups of sectors have been chosen. These choices were often based on a historically strong presence of these clusters/sectors and/or advanced universities and R&D centres (path dependency). The main aim is to increase the competitiveness of the city.

- Creative industries are a relatively young policy area. Policies are (re)developed on a city, regional, national and European level. Although the relationships between tiers of government are different for every city and nation, the cooperation between these tiers is considered crucial for the development of a more focused and efficient support system for the creative industries.
- The formative phase of the development of creative industries policies, and the diversity of European cities, is also reflected in differences in organizational structure. In Tallinn, Warsaw, Vilnius and Riga creative industries policies, and the resulting organizational forms, are 'under construction'. The other cities have developed different organizational models like:
 - a team creative industry that coordinates policy-making and implementation between the departments;
 - special organisations (agencies) for the implementation of the whole or parts of the creative industries policy.
- The development, and especially the implementation, of creative industries policies, requires the participation of the third and business sectors. All cities in our network are strengthening these relationships, by involving private and non-profit organisations and stimulating cooperation between different stakeholders.
- Creative industries policies are often a means to an end, like attracting investment, talent and business. To realise these secondary means, flourishing creative industries and public support to stimulate their development, are essential pre-conditions.
- In general, it can be argued that the creative industries or creativity in general, are considered a source of competitive advantage for cities. At the same time these cities are becoming more and more interlinked (co-production, joint ventures, partnerships), so in addition to competition, it also makes sense for cities to cooperate (the so-called *coopetition*).

The aim of the Creative Metropolises network is to develop, and to generate new approaches, for a more focused and efficient public support system for creative industries. The formative years (1998-2009) of this relatively young policy area are over, and it is time to move on to the next level, with a growing diversity in the creative industries policies of European cities.

2.2 Business enhancement (Theme 2)

Public support for enhancing business capacity and internationalisation of creative industries

2.2.1 Introduction: Enhancing business capacity and the internationalisation of creative industries

2.2.1.1 Background for creative industries' business enhancement policies

Creative Metropoles is one policy fostering creative industries in the cities. *Creativity* is new things or new ideas. If we accept this definition of creativity, it is immediately apparent that this creativity not exclusive to certain industries. Potentially, creativity is a dimension of all human actions; new things can be created by accident or with all sorts of devices. Essentially, industries have to be creative to survive. Joseph Schumpeter, made the famous point on capitalism that "creative destruction", or the invention of "new combinations" in all aspects of business, is at the very core of any market centred economy. According to Schumpeter, markets without creativity become stagnant. What makes capitalism so fast, both in growth and in decline, is the mechanism of dissemination through the market, the credit system and the entrepreneurs who act as agents of creativity. But capitalism doesn't need entrepreneurs and creativity exclusively in one area of the economy, it does need all that constitutes creativity throughout the economy. Therefore the *creative industries (as we understand it in this project's context)* would need more or less the same kind of business support as any other industries. At the same time, many advocates argue that creative industries are different, and that they need a special, or at least tailor-made approach.

The Creative Metropoles network is a city policy. Its core aim is to identify good policy for the creative industries. Of course, policy alone cannot foster creativity. When the state takes over, there is a danger that things are only administered and the likelihood of entrepreneurial approaches emerging

decreases. The paradox is apparently that on the one hand creativity policy is or should be needed and on the other hand “making” creativity is beyond the policy’s power. What can policy do to enhance the capacity of CI? It can:

- a) provide an environment to support creative industries acts (see also theme 3 and theme 5) and
- b) support creative industries as a business sector.

The objective could be a policy of allowing, of deregulating, of being ready for the unexpected. Where does that leave us with creative industries policies?

2.2.1.2 Creative industries’ policy as extended SME policy

As the CI sector consists mainly of small and medium enterprises and even micro enterprises and freelancers, it has many similarities to other SMEs – they are affected by a specific set of entry and operational barriers like a lack of economy of scale, weak negotiating power, limited capital resources and limited human resources. Therefore the CI policy very much tries to accomplish the same objectives as SME support policies in general, typically including:

- A regulatory environment which does not impose undue burdens on SMEs – to adjust the administrative regulations for small businesses in order to allow for ideas to bloom into businesses;
- Education and human resources management policies that foster an innovative and entrepreneurial culture – to strengthen the links between arts, technology and business education (e.g. Aalto University in Helsinki);
- Effective access to financial services – open research, or development funds for non-technology driven projects could be an avenue to strengthen creative development;
- Strengthening public-private partnerships and social dialogue – to involve more stakeholders in policy and city development;
- Consistency with other national, regional and local policies – to cooperate and complement the policies provided on different administrative levels.

The policy components for CI enterprises include the same instruments as for all enterprises in general:

- Financing: grants, credit guarantees, venture capital, business angels etc;
- Entrepreneurial (innovation) policy: incubators, creative centres, clusters, links with universities, etc;
- Export promotion schemes and foreign investments;
- Skills development programmes.

Still they need partly tailor-made measures due to certain peculiarities of the people and companies in the CI sector. Compared to other sectors part-time working, short-term contracts, freelancing and other flexible working forms are more common to CI sector. Although the people and even companies in the creative industries act as an economic enterprise (for the business), but for a part of them business is a necessary means to the cultural end. In other words, expanding the business is not the primary goal for CI companies – therefore CI businesses are often considered lifestyle-businesses.

2.2.2 Results of the situation analysis: support for business enhancement in the cities

2.2.2.1 Policy focus of business support for creative industries

The results of the analysis show that in most cases **the aims of CI policies** in the cities relate to the dimensions mentioned above. The following topics were mentioned (see also chapter 2.1):

- Enhancing business related to CI;
- Seeing creativity as a driving force for structural change, economic growth and employment;
- Seeing creativity as a key strategic asset for improving competitiveness;
- Promoting creative entrepreneurship;
- Strengthening links between creativity and (product) innovation;
- Strengthening links between CI sectors and tourism, etc.

This focus can also be recognised at the level of support measures. The majority of the CI support measures described deal with building infrastructure and capacities which expand the business base – so they deal mostly with supporting and enhancing the supply side of the creative industries (see chapter 2.3 for more on demand-side policies).

2.2.2.2 The administration level of business support for creative industries

All the cities have a number of different support schemes for enhancing business capacity and internationalisation of CI. Most of the cities provide support for start-ups and business training and consulting services. These types of schemes are usually also provided on a national level; and, if the region plays a significant role for the city (e.g. Amsterdam, Barcelona, Berlin,

Birmingham, Stockholm), also on a regional level. Special incubators for start-ups are usually city initiatives, but in some cases, cities also host the incubators operated from the national or regional level (Amsterdam, Barcelona, Birmingham, Oslo, Riga, Vilnius) – and sometimes an incubator is supported both at a local and national and/or regional level.

It is interesting to see that the role of national level support is much stronger in the area of export schemes and support for trade fairs, and interest group visits to fairs elsewhere. Whether that is because such schemes need more financial resources or because they are more risky and harder to operate on a city level, is not quite clear.

Most of the cities also have schemes for enhancing businesses via supporting professional festivals/events and cultural/event tourism. These two scheme types prevail in city level policies, but are not alone and nor are they universally applied.

2.2.2.3 Business support practices in the cities

Space for creative activities

Appropriate space and a place where to act, present and run the business is very important for creative businesses. This may be particularly important for those who, at the start of their business, do not have the means to pay high rents, but it is important to all entrepreneurs in the cities where workspace is expensive.⁷⁹ Support for acquiring suitable space in the cities is provided in three ways:

a) informing enterprises of possible work and presentation spaces and also providing access to the same, for example:

Creation Factories Program (Institute of Culture of Barcelona) – This project has two main goals: to create a network of areas for the artistic activity; to distribute the artistic activity among all the districts of the city. [Barcelona]

Berlin Atelier Program – This support program offered by the Senate Chancellery of Cultural Affairs is designed to provide (fine) artists affordable working space in Berlin. At the moment, more than 830 studios, ateliers and artists' apartments are available through this program. They are all subsidised, with fixed rents and dedicated to purpose. There has been atelier rent support by the city of Berlin for many years. [Berlin]

and b) multi-functional spaces (places), e.g.:

⁷⁹ There are also cities where affordable workspace is available. For example in Berlin where a shortage of space is rare and rents are rather low so that many private initiatives have been arising constantly.

Regional cultural centres: Stoa (Cultural centre for the east and south-east of Helsinki), Kanneltalo (West Helsinki's cultural centre) and Malmitalo (Cultural centre for the north and north-east of the city) – These three multidisciplinary cultural centres are designed to present culture as extensively as possible. They are easily accessible to everyone and offer affordable spaces to artists from various fields of art to show their work. The centres thus serve both Helsinki's citizenry and local artists. [Helsinki]

Riga art space – Riga Art Space is a multifunctional contemporary art space, which in its activity strives not only to represent contemporary visual art but also to produce of world class art projects by taking relevant and professional organisational measures. [Riga]

Betahaus Coworking Berlin – This house provides 1.000 m² of flexible working space for knowledge-based and creativity-based workers. Betahaus offers equipped desks to rent (instead of empty office) for reasonable prices. Meeting the needs of freelancers and micro-entrepreneurs, desks can be rented on full-time or part-time basis (daily, weekly, monthly, packages) and include access to all facilities as WLAN, printer, and scanner. In addition, further services as an individual locker, post box, house key, meeting rooms are available. The space is a mix of relaxed coffeehouse atmosphere and concentrated working environment. [Berlin]

and c) incubators for start-up companies, e.g.:

Establishment of incubators for start-up companies is quite a common policy today in the cities to enhance the entrepreneurship, but **special CI incubators** can be indentified in six of the 11 cities: Transit and Starthus@KMH in Stockholm, FAD Incubator in Barcelona, Arabus in Helsinki, Creative Incubator in Tallinn, Creative Business Incubator in Riga, Creative Incubator in Vilnius. In Stockholm, the incubators are tied to the higher education institutions. In other cities they are more like other business incubators, only targeted to the CI enterprises.

Transit and Starthus@KMH – Transit and Starthus@KMH are two incubators aimed at supporting entrepreneurship in the field of creative industries. Transit is an initiative by Konstfack (University College of Arts, Crafts and Design) and Stockholm School of Entrepreneurship. Transit provides support for start-ups and newly created companies within the fine arts, crafts and design. Starthus@KMH is the Royal College of Music's equivalent initiative for entrepreneurship within the music industry. [Stockholm]

“Soft” services for enterprises

In recognition of the fact that cultural and creative people often lack sufficient knowledge of how to do business, cities very often start their support for CI with start-up support for new business in the CI sector. This is a well targeted group and the policy is quite easily implemented on the basis of providing incubation services to the new entrepreneurs (in all sectors). Most of the cities provide support for starting companies. It could be in the form of providing consultation on business planning or a package of incubation services.

Crea Media Program – This program is managed by Barcelona Activa with the brief to direct the CI companies along their foundation course and in the development of their activity. The program contains the following services: A training course on how to make a business plan; courses specific to the enterprise's interests; training in management capacities; personal tutoring. [Barcelona]

The Kreativ Coaching Center (KCC) – The KCC is the consulting and support centre for Berlin-based start-ups, young businesses and entrepreneurs of the creative industries. It was established in March 2008 and offers subsidised coaching during start-up as well as later in growth and restructuring phases. The portfolio includes individual and personal consultancy services as well as seminars on marketing, financing, production, controlling, and strategy. The KCC works with external experts from the different business management areas and CI sectors who accompany the respective CI companies and their projects as personal coaches. [Berlin]

Almost all cities deal with some **training and consulting services** for three target groups in general: starting entrepreneurs, active artists and enterprises and other enterprises (not from CI sectors). The service is mainly provided for the first two groups.

Business Link – 1:1 business support from a specialist from the sector is a critical factor for economic growth. This means the adviser has sector knowledge and is able to establish effective rapport with the client seeking advice on how to succeed. Recently, this has included developing expertise in separate consulting organisations - Creative Launchpad is a key example of this policy. [Birmingham]

The Career & Transfer Service Center of the University of the Arts Berlin (CTC) – The CTC, built in 2001, is the first career centre developed for a German arts university aiming at supporting entrepreneurship in the field of creative industries. It provides information and counselling to students and graduates of the four art colleges in Berlin (Berlin University of the Arts, the Berlin-Weißensee College of Art, the Hanns Eisler College of Music, and the Ernst Busch School of Performing Arts) and helps to professionalize artists by expanding their personal, social and methodological competencies. Consultation and workshops address job market prospects, business start-up, self-employment, and career entry and cover many areas such as marketing, financing and public support, skills portfolios, patent and trademark law, social security for professional arts and crafts workers, taxes, contracts and negotiations, presentation techniques. Since the CTC's foundation, more than 4,000 artists have participated in over 380 workshops. [Berlin]

One interesting scheme to build the competences of actors in the CI sector is provided in Amsterdam:

Kunstenaars & CO (Artists, Culture and Entrepreneurship) – The mission is: economic independence for artists through professionalization (competence building) and the development of new markets (most artists cannot live from the art market alone). It also has the legal obligation to advise city governments on the professional status of artists who want to be admitted into the Law and Work and Income for artists, a 48 month income scheme for professional artists. Kunstenaars & Co offers: information (website, meetings, print), training and personal coaching (entrepreneurial skills, career development), work experience

and culture loans (including microcredit). An interesting combination between funding and training. [Amsterdam]

However, not all the cities have a dedicated start-up aid scheme for CI companies – very often the general business starting support schemes are also applied to the CI sector, for example:

Publicly funded business advice – In Sweden (and Stockholm) there are generally good opportunities to receive publicly funded business advice. The target group for business advice is small- and medium-sized enterprises, with a focus on the period before the start. There are special efforts for women and immigrant entrepreneurs, innovation in manufacturing, for cooperatives and social enterprise. The goal is more growing businesses and to promote entrepreneurship. [Stockholm]

An interesting solution to help young artists to adjust to the business world is presented by Birmingham:

Knowledge Transfer Partnerships – Graduate recruitment program designed to help graduates manage challenging and strategic projects for companies while being supported by a dedicated university. [Birmingham]

This scheme also has another side; it helps to raise the competence of enterprises by minimising the risk in developing new creative products.

Entrepreneurial support schemes also include **marketing schemes**. Actions of CI companies often become too fragmented in their attempts to achieve sustainable success in complex markets. Marketing potential may often not be fully exploited. Therefore the support for fostering marketing cooperation in the creative scene is quite relevant. Again, these kinds of schemes are common in the cities that have longer experience of CI development policy.

“The Senate of Berlin supports collective and network marketing of cultural and creative players, on the condition that they organise themselves as networks. The aim is to support small and medium-sized enterprises in Berlin to open up new markets. Business-near institutions based in Berlin can apply for subsidies for the organisation and implementation of joint projects for a group of companies. The support can also be used to strengthen the development and functioning of a marketing structure, providing the individual network partners with access to a considerably wider target group and techniques that are significantly more professional. If it succeeds in elevating its corresponding market potentials and in generating new revenue, this can stabilise the entrepreneur financially as well as form the basis for further cultural production.” [Berlin]

In addition to business training and consulting, the role of networking and wider information sharing is a growing trend. A creative industries policy can support **creative networks** (if they make economic sense) and lot of cities do support different networking activities, examples are the Oslo Cultural Network, Creative Networks in Birmingham, Syntens in Amsterdam, DIGIBUSINESS cluster network in Helsinki region and several sector-specific networks in Berlin:

Oslo Cultural Network – Identify and realise potentials for innovation and value creation which are not otherwise realised through the regular activities of the cluster. [Oslo]

Creative Networks – brings together all parties involved in screen-based and sound media in the West Midlands. Promoting successful business development and collaboration. It seeks to contribute to the establishment of a strong, long-term, sound and screen-based Creative Industry in the West Midlands developing links between creative firms. [Birmingham]

Syntens – an innovation network for SME's. The underlying rationale is that SME's need to be innovative to adjust to changing markets, but that they often lack the resources to do so. Syntens is an independent agency (not-for-profit). Its mission is to strengthen the innovative power of small and medium-sized enterprises (SMEs), to stimulate successful innovation and to contribute to sustainable growth. Syntens offers them support in various forms like an innovation quick-scan, 1000 workshops a year, and personal advice (270 advisors) for entrepreneurs (16-24 hours a year free). [Amsterdam]

Information on services, markets, competitors and possible cooperation partners is usually there, but scattered in different places and hard to assimilate. Therefore it would be of great help for CI enterprises and (other actors) to concentrate the relevant information at one point. Several cities have formed or support different **information offices** – both physical and virtual “one-stop-shops”, e.g.:

CCAA – Public (state, province and municipalities), not-for-profit and private actors deliver and develop a wide arrangement of services for (creative) industries. The underlying rationale is that most services are already there, and that 'a one-stop-shop for creative industries' is just a tool to find these services. If needed 'special' services are developed. [Amsterdam]

Projekt Zukunft – interconnects media, ICT and cultural industries (“creative industries”) and provides links with science, politics and administrative bodies. Creative City Berlin www.creative-city-berlin.de is the central internet portal for the cultural sector and the creative industries in Berlin! It is also a presentation platform and contact point. [Berlin]

Financial support for enterprises

Another very relevant problem starting enterprises encounter is the lack of financial resources. Their credibility with banks is low and also the risks of CI business tend to be somewhat higher. To decrease this deficiency cities try to provide **start-up grants** and/or micro-credit schemes, e.g.:

The "Take-Off" grant programme supports new innovative businesses and entrepreneurs by providing grants for the purchase of hardware, licences, and other services. The aim is to support innovative entrepreneurship in Riga, as well as to convince population to establish new businesses. [Riga]

Start-up aid for supporting the starting business – The purpose of the measure is to stimulate business activity, supporting and developing small businesses. Both

creative companies and individuals may apply for start-up aid, and we can report that they are actively using this measure: in the first round at the beginning of 2009, 7 out of 23 successful applicants were active in the creative field. [Tallinn]

Micro-credits – Providing long-term financing for SMEs without the involvement of the applicant's bank. Providing money for founders. Loans up to 25,000 € are granted in a simplified procedure. [Berlin]

Larger, and more experienced, cities use special targeted grant schemes, but smaller cities have general schemes amended to suit the needs of enterprises in the CI sector (see Riga and Tallinn example above).

The problem with fitting general start-up aid to the creative enterprises might lay in the fact that the general SME support schemes provide money for purchasing the hardware (machinery, computers etc) for starting a company. Creative enterprises need the money for prototype development, production or marketing. The challenge is also about the collateral that financing bodies ask for when giving loans: technology companies are usually able to provide high-value investment goods (as machines, hardware products, building complexes etc.) as security, whereas CI companies typically only have some computers of comparatively low value and most of their assets are in the form of human resources. This means that financing bodies need to adopt new measures of what to accept as credit security. So therefore the cities also have to adjust their grant schemes to include more flexible conditions or provide special schemes for the CI start-ups.

If the start-up financial aid is quite far-spread practice, then the next steps in business financing have usually bigger caps in the cities. Some more experienced cities have managed to establish different **venture capital funds**, e.g.:

Venture capital for Creative Industries – The aim of VC Fonds Kreativwirtschaft Berlin is to strengthen the equity basis of small and medium-sized growth enterprises in Berlin's creative sector by providing investment capital. The funds are primarily provided in order to finance the development and launch of innovative products or services. Investment is carried out in the following areas: film, radio, TV, publishing, music, entertainment, advertising, fashion, design, architecture, multimedia, games, software, art and culture. [Berlin]

Advantage Creative Fund – Fund that invests in creativity, supports creative businesses, creative people and creative ideas. It operates venture capital. Open to proposals from all kinds of creative businesses, including start-up enterprises and established companies. The Fund is designed to act as support for Venture Capital in terms of growth companies in the City region. There is a gap at this level which is not covered by VC funds nationally and is outside the reach of the schemes designed for start-ups and freelance companies. [Birmingham]

Innovativ kultur (The fund for innovative culture) – The main aim for the fund is to promote innovation in cultural activities and to enhance cooperation between culture, the business sector and research. Stockholm city has seen the need to install a form of financing that does not focus on a specific field, but rather on the cooperation between different fields, in order to create positive synergies. The

fund is to act as a high-risk investor for innovative creative businesses that often have difficulties to find financing elsewhere. [Stockholm]

Internationalisation support

Internationalisation is a relevant topic for creative industries development. In this study only few cities mentioned promoting schemes specifically directed towards helping companies expand internationally. Those cities have also stated their CI development aims to be directed more outward compared to other cities (see also chapter 2.1). As it is essential for companies in the creative industries to heighten their presence in cross-regional and international markets, Barcelona and Berlin have implemented the following measures to support that:

Supporting a programme to promote business development and international promotion – The main aim of this measure is promoting the competitiveness and the innovation of the Catalan cultural industries. With this range of subsidies the Catalan Institute of the Cultural Industries also wants to promote the presence of the Catalan companies abroad. [Barcelona]

Catalunya film commission – The main focus is to promote Catalonia as a natural location for filming, providing the international audiovisual sector with information on the advantages of shooting in Barcelona and Catalonia, which also helps to advertise our country. The project's main value is its wide impact, which is not limited to the audiovisual or movie industry, but also benefits other sectors (tourism, hotel industry, etc.) [Barcelona]

Presentation on cross-regional and international market – The aim is to support SMEs in Berlin to open up new markets. Business-near institutions based in Berlin can apply for subsidies for the organisation and implementation of joint projects for a group of companies. The reason behind is that purchasing power and demand for creative and cultural products and services in Berlin do not suffice to ensure the future growth of the companies. Industry-related surveys continually show that there is a great interest in collective tradeshow booths and foreign presentations. For several years, shared exhibition stands for the creative sector have been intensively promoted by the Federal State of Berlin in the framework of subsidisation programmes; foreign presentations by Berlin Partners – often with the participation of politicians – support the activities of the companies and networks. [Berlin]

2.2.3 Main findings

- Business support measures for CI development in the cities are quite similar to the business support offered to any other sector. Very often cities just give creative enterprises access to their established business support measures. The specially targeted schemes are used mainly in the cities with longer CI development experience or by larger cities, adjusting them to creative industries, and even sectors within the creative industries;
- All the cities find the business support schemes for creative industries the most relevant part of their CI policy, as a major share of the 10 most relevant measures reported in the cities are related to business support;
- All the cities provide start-up grants for creative entrepreneurs together with training and consultation services;
- Cities with longer practices have developed a wider scope of support measures also involving several network supporting mechanisms, special information offices and marketing support, probably also more tailor-made;
- Cities with more outward aims in their CI development policies, also stress the measures that help creative enterprises to internationalise more. There are few reports of export support schemes from the cities, but then again such programmes are mainly administered at state or regional level;
- In cities like Birmingham, Barcelona, Amsterdam and Stockholm a lot of support schemes are provided on the regional level. In other cities the role of regional actors is very small and state level measures can be considered complementary to the city level schemes.

2.3 Enhancing Demand (Theme 5)

Demand for creative industries products and services

2.3.1 Introduction to the theme: Enhancing demand for creative industries

2.3.1.1 Background of approaching demand

Enhancing demand for creative industries by the public sector is a complicated and multidimensional topic.

On the one hand, there are several factors that highlight the trend in demand for culture and also for creative industries. Among others the following trends can be considered the most influential drivers that have increased the demand for creative industries: the growing welfare and the changes in lifestyle; longer lifetimes, higher standards of education; the increased amount of free time⁸⁰.

At the same time, enhancing demand has not been a central issue for policy makers. The following standpoints influence the approach to demand and accordingly, also the role of the public sector in enhancing demand:

- Firstly, traditionally demand has been seen as something that grows automatically and thus policy makers directed their focus instead on supply-side drivers (such as capital accumulation, production, etc.)⁸¹. It

⁸⁰ Borg, van der J., Russo, A., P. (2006) The impacts of culture on the Economic development of Cities, European Institute for Comparative Urban Research, Erasmus University Rotterdam; Staying ahead: the economic performance of the UK's creative industries, Department for Culture, Media and Sport, 2007, available at: http://www.culture.gov.uk/reference_library/publications/3672.aspx; Lavanga, M. (2004) Creative Industries, Cultural Quarters and Urban Development: The Case Studies of Rotterdam and Milan, in G. Mingardo e M. van Hoek (eds.) *Urban Management in Europe Vol. II: Towards a sustainable development*. Rotterdam: Erasmus University Rotterdam, MEMR - The Thesis Series, 2004.

⁸¹ U. Witt. (2001) 'Economic Growth – What Happens on the Demand Side? Introduction', *Journal of Evolutionary Economics*, 11, pp 1-5.

has been argued that it is so partly due to demand being difficult to assess, because so many demand patterns (such as demographics, education, affluence, etc.) interact to influence it⁸²;

- Secondly, the domination of the linear 'value chain model'⁸³. The familiar 'value chain approach' to cultural/creative production typically follows the one-way logic of causation: producer-commodity-consumer and attributes the consumer a passive role. In addition, as Hartley (2008) argues, the term 'industry' (or the term 'creative industries') continues to mean the supply side of firms or institutions or artists, with no attention to consumers, users or creative individuals, who are seen as an effect of decisions taken by those further up the supply chain, or closer to the 'core,' with little causal agency of their own.

At the same time, most collection of data (including in case of creative industries) is from businesses and tends to be oriented to their production and distribution activities (indicators such as number of businesses, employees in CI sector, amount of turnover, etc.). In other words, there are relatively few indicators for assessing demand as well as changes in demand.

Still there are certain changes taking place in approaching the issue of demand for creative industries. The rise in user-created content⁸⁴ and digital media⁸⁵, and also, the rise in importance of the creative economy⁸⁶ have all had an impact on changing the understanding of the consumer. The creative industries themselves have contributed to the 'rethink' of the 'industries'⁸⁷ as their organisation model is rather the network interaction⁸⁸ of micro and small producers than the supply chain hierarchy of Fordist industries.⁸⁹ Close or strong networks seem particularly important in the early stage of an idea, where intense experimentation and collaboration require close contact and constant communications (Oakley, Sperry, 2008⁹⁰). Also, all in all, we can now recognise the rise in importance of demand-side policies.

⁸² Mahdon, M., Visser, F., Brinkley, I. (2008) „Demand and Innovation. Interim Report“, Working Paper, NESTA, The Work Foundation.

⁸³ Hartley, J. (2008) From the Consciousness Industry to Creative Industries: Consumer-created content, social network markets, and the growth of knowledge. In Holt, J., and Perren, A. (Eds) *Media Industries: History, Theory and Methods*, Oxford: Blackwell.

⁸⁴ Participative Web: User-Created Content (Working Party on the Information Economy): OECD (April 2007) Accessible at: www.oecd.org/dataoecd/57/14/38393115.pdf.

⁸⁵ The economy of culture in Europe, (2006), KEA European Affairs, Study prepared for the European Commission, available at: http://ec.europa.eu/culture/key-documents/doc873_en.htm#bad_nodepdf_word/economy_cult/executive_summary.pdf.

⁸⁶ Hartley, J. (2008) From the Consciousness Industry to Creative Industries: Consumer-created content, social network markets, and the growth of knowledge. In Holt, J., and Perren, A. (Eds) *Media Industries: History, Theory and Methods*, Oxford: Blackwell.

⁸⁷ Hartley, J. (Ed.) (2005) *Creative industries*, Malden, MA & Oxford: Blackwell.

⁸⁸ Borg, van der J., Russo, A., P. (2006) The impacts of culture on the Economic development of Cities, European Institute for Comparative Urban Research, Erasmus University Rotterdam.

⁹⁰ Oakley, K., Sperry, B. (2008) *Fine Artists and Innovation* // available: http://www.zgora.pt.pl/pilki/2/1/NESTA_Fine_artists_and_innovation_2008.pdf

As to enhancing demand for CI by the public sector, it is a question of 'softening' the consequences of certain kinds of market failure. The possible types of intervention to enhance demand for CI products and services are described below.

2.3.1.2 Possible types of intervention: measures for raising demand for creative industries' products and services

One possible classification of policy instruments for supporting and developing CI is a division into supply-side and demand-side instruments (see e.g. Williams, 1997). Despite the diversity of measures we can still claim that a majority of supporting measures tend to belong to the group of supply-side measures.

Demand-side policy instruments or consumer-oriented policy instruments⁹¹ focus on how to encourage the demand for creative industries – how to increase the need for CI products and services. Referring to Lee (2003, 21)⁹² the consumer-oriented model includes enticing foreign investment as well as attracting creative industries' consumers (including cultural tourists) into the city. Demand-side policy instruments are thus also directed at making the city an attractive place for the consumption of arts and cultural experiences.

In general, policy interventions for enhancing demand for CI can be divided into two major groups as follows based on target groups:

- Interventions for enhancing public sector demand for CI;
- Policy interventions for stimulating private sector demand for CI products and services, including:
 - stimulating demand from individual consumers
 - stimulating demand from the business sector.

Based on the general nature of the measures, we can categorise interventions for stimulating demand into direct and indirect measures⁹³. Direct measures can be: (a) incentives/disincentives such as subsidies or tax reliefs; (b) regulatory – certain standards, etc. Indirect measures associate with (a) removing obstacles e.g. removing or bearing high entry costs and (b) information – improving information quality, rising awareness, etc.

⁹¹ These two approaches are similar, but not the same.

⁹² <http://dspace.mit.edu/bitstream/handle/1721.1/16604/55074407.pdf?sequence=1>

⁹³ Mahdon, M., Visser, F., Brinkley, I. (2008) „Demand and Innovation. Interim Report“, Working Paper, NESTA, The Work Foundation.

Policy intervention used to stimulate public sector demand for creative industries

The question of how the public sector itself can be a bigger consumer of CI products and services associates more or less with public procurement issues. This type of interventions enables public sector to send a signal to private and business consumer that creative industries are worthwhile.

It has been argued (e.g. Gorski, 1990) – even though in the context of innovation – that procurement policy is generally a far more efficient instrument than many subsidies. This is due to the enlivening effect the procurement mechanisms have on the market. Proceeding from the possibilities in the context of innovation (Mahdon *et al.* 2008), via public procurement the public sector can for example: reduce uncertainties by being the first customer; encourage diffusion⁹⁴ of CI products and services, etc.

However, it has also been argued that achieving success through a procurement policy is not straightforward. Cox (2005, 34, 36, 37, 38)⁹⁵ has claimed that:

“Procurers aren’t routinely seeking out more imaginative solutions to needs and requirements ... Purchasing specifications are generally tightly drawn around a fixed, minimum-capability requirement, to be achieved at minimum cost ... Purchasers too often take an excessively narrow view of individual project requirements, losing sight of the broader context. ... An openness to new ideas is not, of itself, sufficient ...”

In addition, in reality public sector tends to be late adopter and faces the problem how to balance the issue of value for money (Mahdon, *et al.* 2008).

The ways in which the public sector – the city – can behave in procurement related issues can be classified as follows (adapted from Cunningham, 2009, 3), the public sector may:

- act as a buyer of CI products and services;
- mandate the use CI products and services via public procurement criteria;
- act as a moderator of private procurement (does not buy goods or services itself, but acts as moderator) that concerns public buildings, spaces, etc. (e.g. via a percentage for arts programme).

Yet however active a role the public sector plays in consuming CI products and services, private demand must exist to sustain a market.

⁹⁴ Theory of innovation diffusion (E. M. Rogers)

⁹⁵ Cox, G. (2005) „Cox Review of Creativity in Business: Building on the UK’s Strengths“, HM Treasury.

Policy interventions used to stimulate private sector demand for creative industries

Focus I: policy interventions to stimulate demand from the business sector

These types of mechanisms are oriented towards enabling and encouraging the market in the following ways: (a) by bringing together producers and consumers (encouraging demand and supply) and (b) by bringing together different actors and sub-sectors with the aim of creating new 'value nets'⁹⁶ or 'industrial networks'⁹⁷ in the field of creative industries. The presumption is that the emergence of such networks and new interrelations among the actors would not only create new dynamics in the industry, but also encourage innovation, and the creation of new disruptive products and markets.

The motives for intervention derive from the specifics of the CI actors described above. Accordingly, the public sector interventions are needed for:

- Enabling market access for small and micro actors (preventing the situation where market is divided and controlled by few dominant actors and access to market is hindered for other, smaller players). In other words, dealing with the problem of high entry costs to *de facto* restricted or proprietary markets;
- The aim should be to create market conditions in the CI field where participation is reasonably free and unrestricted for all actors without any one party dominating the market to the extent that it starts distorting the market or restricting the access for other players. Regulators should give special attention to overcome the existing inequalities or to re-creating conditions of scarcity for both smaller producers as well as for end-users/consumers in accessing markets or CI products⁹⁸.

The ways in which private sector demand can be stimulated, include (but are not limited to) the following⁹⁹:

- Demand subsidies – purchasing of CI products or services by private or industrial actors is directly subsidised;
- Tax incentives;

⁹⁶ Wirtz, B. W. (2001) Reconfiguring of Value Chains in Converging Media and Communications Markets. *Long Range Planning*, 34, 489-506.

⁹⁷ Lundgren, A. (1991) Technological Innovation and Industrial Evolution – The Emergence of Industrial Networks. Stockholm: Stockholm School of Economics.

⁹⁸ Mansell, R. (2004) Political economy, power and new media. *New Media and Society*, 6(1), 96-105.

⁹⁹ Cunningham, P. (2009) Demand-side Innovation Policies, Policy Brief No 1, Pro Inno Europe, Trendchart; Braun, E., Lavanga, M. (2007) An international Comparative Quick Scan of National Policies for Creative Industries; Strategies for Creative Spaces. Phase 1 Report. September 2005.

- Regulations: setting norms for production or for service provision and/or supporting the end-user in the use of CI products and services;
- Creating and enabling markets – establishing market conditions that enable and increase demand for CI products and services;
- Direct participation in establishing new infrastructures that would improve access to market for smaller players but would also enable better access to CI products and services for end-users (new online platforms, 'culture houses', retail spaces with subsidised rates, etc.);
- Training and education – improving the awareness of customers as well as other of other sectors of economy in the potential and value of CI sector, their products and services;
- Supporting networking and strengthening links (between consumers and producers, between representatives of different fields, etc.);
- Attracting foreign investments, foreign firms via promoting the city.

Still, it has to be mentioned that not all aforementioned instruments are for use at the city level. Tax incentives and regulations are usually not local matters; these are not usually even a national matter anymore and are determined at EU level.

It is in the case of efforts to stimulate business sector demand, that the supply and demand-side measures tend to become most mixed. (See also chapter 2.2).

Focus II: policy intervention used to stimulate demand from individual consumers

These mechanisms are oriented towards enhancing the demand by the individual consumer for CI products and services (this in turn strengthens the capacity of the business sector).

Stimulating demand by the individual consumer includes quite different topics, such as: (a) educating the customers; (b) improving access to CI products and services; (c) involving consumers.

The ways in which demand by individual consumers can be stimulated, include (but are not limited to) the following¹⁰⁰:

- Awareness building measures: providing information (on CI);
- Training and education (helping people to value CI products and services, etc.);

¹⁰⁰ Cunningham, P. (2009) Demand-side Innovation Policies, Policy Brief No 1, Pro Inno Europe, Trendchart; Braun, E., Lavanga, M. (2007) An international Comparative Quick Scan of National Policies for Creative Industries; Strategies for Creative Spaces. Phase 1 Report. September 2005.

- Enhancing involvement and strengthening cooperation (the involvement of citizens through culture and creativity programmes, the inclusion of creative individuals in city development, etc.)
- Attracting new (foreign) consumers by promoting the city.

Overall, considering the policy mechanisms available, we can say that the options to available the public sector for raising demand are diverse.

2.3.2 Results of the situation analysis: Enhancing demand for creative industries products and services in 11 cities

2.3.2.1 Policy focus and approach to enhancing demand for creative industries in the cities

The research feedback provides information on this theme in its descriptions of the various measures and examples of best practice used in the cities, and the focus and aims of developing CI as stated in the strategic documents, and also the organisational structure of support give insights into the theme (see Appendix 1: Template). The terms in use in the cities also often speak for themselves.

Analysing the measures for stimulating demand, certain differences between these measures that are in place and those that are considered among the ten most relevant can be recognised (see Appendix 1: Template, A.1.2.a) and b)).

The widest spectrum of measures to enhance the demand for CI products and services can be found in Amsterdam, Barcelona, Berlin and Birmingham, and Stockholm and Helsinki also deserve a mention. In Amsterdam the wide spectrum of measures is also supported by national level measures. Likewise in Helsinki, Oslo, Riga and Vilnius the role of national level in supporting demand for CI products and services is quite significant. According to the results, the role of regional authorities in enhancing demand for CI is quite modest, although the importance of the regional level should be highlighted in the cases of Barcelona and Birmingham.

Analysing the results of the **ten most important measures in force** in each city in more detail, we can argue that despite the existence of such kinds of measures, the cities have not always considered these measures to be among the ten most relevant. Barcelona, Helsinki, Tallinn and Vilnius have described most often the measures that support the enhancement of the demand for CI output.

According to the cities' **strategic documents**, on the city level we can conclude that the role of demand-side policies has been emphasised in particular in Amsterdam, Barcelona, Berlin and Stockholm and also Warsaw. These five cities have emphasised the importance of making the city (region) more attractive to live in, to visit and to do business in. Amsterdam (and to some extent also Birmingham) has highlighted the importance of strengthening the links between creative industries and education.

As to the cities' **focus and aim** in developing CI, in the case of theme 5, it is important to pay attention to the importance of the social dimension as well as to the outward focus of CI policies. According to the results the most outward focusing cities, based on their own assessment are Barcelona and Berlin; but Amsterdam, Birmingham and Vilnius are also generally outward focused. The social dimension was pointed out by Oslo (stressing cooperation and networking) and by Vilnius (emphasising the importance of stimulating public creativity and participation in culture) as well as by Berlin (referring to cultural diversity and intercultural exchange and cooperation). (See also chapter 2.1)

Analysing the terms in use in the 11 cities, Stockholm differs most from other cities in the context of Theme 5. Besides the terms 'creative industries' and 'cultural industries' that are most frequently used by the cities, Stockholm proceeds from the term 'Experience Industry'. Compared to other terms 'Experience Industry' is more consumer- and demand-focused; as Stockholm itself has stated:

The term "Experience Industry" was chosen since it focuses more on the consumer, compared to the term creative industry that focuses more on the creator. The starting point for choosing the concept of Experience Industry is, to some extent, based on a desire to include a more diverse range of sectors such as architecture, computer and video games, design, film, photography, art, literature, communication, media, fashion, music, food, arts and tourism.
[Stockholm]

The results of the **organisational structure of support** in the cities invite the conclusion (see also chapter 2.1) that apart from economic and culture departments, other city departments play quite a modest role in developing CI. In the context of enhancing demand the role of the department dealing with educational issues (including extra-curricula and vocational education, youth related issues etc.) is important to highlight, but, based on the results it is quite rarely involved in developing CI (at least they are not marked as part of the organisational structure of support for CI). Helsinki has declared that its Youth Department is part of the organisational structure of support for CI. In some cases, educational and youth issues fall within the competence of the cultural department, which is the case in Oslo. In Tallinn, extra-curricula and vocational education for adults is administered by the Cultural Heritage Department. Amsterdam and Berlin, that have special bodies for supporting CI, have involved representatives from the educational department. In

addition to the educational department, the city planning department also plays an important role. This factor was reported by Helsinki and Stockholm, and also by Riga, Tallinn and Vilnius.

In terms of encouraging the involvement of other parties, the picture is more diverse. Birmingham, Stockholm and Helsinki, in particular, but also Berlin, emphasise the importance of involving different parties (including universities, different community initiatives, networks, libraries, etc.) in developing CI.

2.3.2.2 Measures for enhancing demand for creative industries in the cities

Policy intervention used to stimulate public sector demand for creative industries

Measures the cities describe under this topic relate primarily to situations where the public sector itself is a buyer of CI products and services. The city has purchased the products and services of CI, perhaps interior architecture, communication design (web, labels, document templates etc) or has hired local artists and designers to produce the gifts the city distributes to distinguished guests. To cite the practice reported from Vilnius:

Municipal expenditure on CI services and products (events, festivals, advertisement, architect, media and other services) is a measure that is constantly updated in accordance with community and public sector CI demand, meaning that it clearly reflects not only CI product demand but also the meaning (value) that the city attaches to separate creative services and products. The main goal and rationale of this measure is to reward CI created value by stimulating the CI activities, which have the highest level of demand. [Vilnius]

Some cities buy local art for public libraries, nurseries, schools, hospitals and other public buildings, e.g.:

Collection and exposure of the art collection – the purpose of the measure is to decorate new public spaces. The city, by buying art, thereby also supports creative professionals. The rooms where the items of the Tallinn Art Collection are exhibited should be open to all citizens. [Tallinn]

Berlin's cultural policy strategy aims to help the cultural and creative industries to expand their sales and to increase the market share for culture in Berlin. Thus, several select projects are being supported by the Senate Chancellery programme "The Promotion of Innovation Potential in Culture" in the structural funds and promotion period of 2007-2013, e.g.:

Systematic market research for improved cultural marketing - The Department of Culture has together with Berlin Tourismus Marketing GmbH, initiated a unique

market research project to analyse the origin, interests and behaviour of visitors in cultural institutions. The results provide an important basis for improving the focus of the institutions' offerings and for a marketing strategy which aims at increasing demand. The project started with seven large institutions in 2008 and is open to include additional private and non-profit institutions. [Berlin]

The results reveal that cities are also using regulation schemes for enhancing demand for creative industries. Some form of “percentage for art” scheme has been implemented in Amsterdam, Helsinki, Oslo, Stockholm, and Birmingham:

The one-percent rule for public art – this regulation states that one percent of the budget for new construction work, reconstructions and additional construction measures funded by the city should be earmarked for public art. The reasoning behind this is that art should be made available to all inhabitants, regardless of background or way of living. This applies to any construction project initiated by the city, but with some extra emphasis on institutions such as schools and nursing homes. [Stockholm]

The City of Helsinki requires all developers in the Arabianranta area to use 1-2% of the building investments of individual sites for works of art. The art works reflect the multifaceted history of the area and contribute to shaping the identity of the new-built area. Even though art works have made the area more attractive, economic benefit has not been the main reason for launching the art project. [Helsinki]

Most of the cities have noted that they have measures fostering the use of CI services by the public sector. Some cities also indicated that public procurement regulations are set at a national level. Yet no city described any public procurement scheme as among the ten most relevant measures.

Supporting networking and business internationalisation – stimulating demand from the business sector

When referring to the opportunities open to the public sector to stimulate demand from the business sector, the cities describe quite similar types of the measures. In many cases the measures are associated with **supporting networking** between representatives within CI and from different fields. For example:

Projekt Zukunft, a project initiated by the Federal State of Berlin and overseen by the Senate Department for Economics, interconnects media, ICT and cultural industries (“creative industries”) and provides links with science, politics and administrative bodies. Creative City Berlin www.creative-city-berlin.de is the central internet portal for the cultural sector and the creative industries in Berlin! It is also a presentation platform and contact point. [Berlin]

Streetlab – Streetlab is a platform for young street-fashion designers and street-artists. Streetlab organises several small and bigger events, exhibitions, parties and festivals in and around Amsterdam. Streetlab's main goal is to stimulate young artists and designers to develop their creativity, so they can eventually bring it to

the market. By offering talented youngsters a visible podium, and bringing them into contact with the fashion industry, Streetlab supports and encourages their professional development and entrepreneurship. Streetlab brings young designers into contact with each other, thus encouraging cross-platform and cross-cultural collaboration. [Amsterdam]

Oslo cultural network – The only real cluster initiative of the city. It is organised as a project which aims to coordinate the different projects and activities of the CI in the Oslo region. The network includes both firms, educational institutions and public bodies. Through its activities it represents a meeting place and a learning arena for the CI, as well as public bodies, different educational institutions and researchers, thus it can facilitate the development of new relations that in turn can stimulate the development of the CI. An important aspect is to promote the development and dissemination of knowledge of the CI sector. [Oslo]

The Barcelona Film Commission is a public service established through a cooperation agreement between Barcelona City Council (local) and the Catalan Government (regional). The purpose of the service, addressed to the audiovisual sector, is to help to coordinate film shoots in Barcelona and, eventually, all over Catalonia. [Barcelona]

Another interesting focus of activities is **promoting business internationalisation** for instance:

Made In Fès – The goal is to establish cross-cultural, creative links between Amsterdam and Fès and between the Netherlands and Morocco. In the long term, these links will help the Moroccan artisans to market their products more efficiently, both locally and internationally. In addition, the collaboration of designers and artisans will enhance the cultural position of Amsterdam-based Moroccans – a substantial group of immigrants with major (image) problems. [Amsterdam]

Support programme to promote business development and international promotion – The main aim of this measure is promoting the competitiveness and the innovation of the Catalan cultural industries. With this range of subsidies the Catalan Institute of the Cultural Industries also wants to promote the presence of the Catalan companies abroad. [Barcelona]

Education and involvement – enhancing demand from individual consumers

Here the spectrum of measures is more diverse. The measures that relate to stimulating demand from individual consumers focus on educational activities, attracting consumers by promoting the city and also on enhancing involvement in the city's development.

Most of the cities claim that educational activities – **educating the customer about CI products and services** – exist in their city. Educational activities may either relate to improving overall accessibility to arts and culture. For instance:

Regional cultural centres: Stoa (Cultural centre for the east and south-east of Helsinki), Kanneltalo (West Helsinki's cultural centre) and Malmitalo (Cultural

centre for the north and north-east of the city) – These three multidisciplinary cultural centres are designed to present culture as extensively as possible. They are easily accessible to everyone and offer affordable spaces to artists from various fields of art to show off their work. The centres thus serve both Helsinki's citizenry and local artists. [Helsinki]

Riga Art Space – Riga Art Space is a multifunctional contemporary art space, which in its activity strives not only for the representation of contemporary visual art but also for the production of world class art projects by taking relevant and professional organisational measures. [Riga]

Kulturhuset - Kulturhuset is a good example of how the city can stimulate social involvement and demand for creative industries' products and services. Kulturhuset ("the House of Culture") is Stockholm's main cultural arts centre. It is situated in the very centre of downtown Stockholm. It offers a broad range of activities, exhibitions and events related to contemporary film, literature, music, performing arts, aimed both at the general public and specific target groups. Kulturhuset plays an important role in increasing public demand for CI services and products, especially through workshops and similar activities, to encourage creativity and participation among young people, and to stimulate an open-minded public attitude to culture. [Stockholm]

Alternatively, the educational activities may be associated with school (including university) programmes. For example:

The cultural rucksack (den kulturelle skolesekken) – Offers professional art and culture to children and youths, contributes to easier access to and increases the understanding of all kinds of art and cultural expressions, contributes to the development and incorporation of artistic and cultural expressions in the realisation of educational goals. There are different projects directed towards primary and secondary education. 15 projects were carried out in 2008. Artists and art institutions are involved in the projects. [Oslo]

Helsinki Metropolia University of Applied Sciences/degree programmes in culture – Metropolia offers nine Bachelor's degrees and four Master's degrees in Culture and Arts. Besides training– research and development are among its primary tasks. Metropolia will specialise in innovation and cater for the special needs of the metropolitan area. Being a multidisciplinary higher education institute, multidisciplinary solutions and new concepts are in the focus of its work. [Helsinki]

In 2008, the Federal State of Berlin established a two-year project fund, with an initial allocation of up to €2 million per year, aiming at the cultural education of children and teenagers. The fund sponsors cooperation projects by cultural actors with children's and teenagers' education and schools. These projects help to introduce children and teenagers to the production and reception of culture and to awaken their future interest in a cultural career. In particular, such a "cultural socialisation" of children and teenagers also results in creative industry products, for example, in the areas of music, film and games. Because of the sizeable significance of creative industry products for this target group, the fund was also made available to participants in the creative industries. [Berlin]

Examples of activities that are focusing on **involving the citizens** in the city's development can also be pointed out. For instance:

The Future City Game – The Game is aimed towards producing innovative ideas for the city's development and stimulating the participation of the population in improving their living environment. A multidisciplinary approach is employed by inviting city officials, architects, property owners and real estate agents, to participate in 2 day group work seminars. [Riga]

The development of the NDSM wharf is based on the methods of an alternative town planning strategy called 'Stad als Casco' (City as a Hull). The NDSM case shows that it is possible to redevelop city areas from the bottom-up (starting with the end-users). The activities of the "creatives" kept the site alive and gradually other actors (including city administration) showed an interest in the further redevelopment. The creatives overcame all the usual (financial, creative, organisational) problems. [Amsterdam]

Another example of involvement, this time in the form of acknowledging people involved in the CI sector is provided by Tallinn:

The award "Action of Culture" – The aim of the award is: a) to acknowledge people and organisations who organise cultural events and activities and b) to value the creative professionals. [Tallinn]

Promotional activities and city branding – stimulating demand for creative industries in all sectors

This type of measure relates to the various promotional activities—different events and festivals, including sector-based showcase festivals, broader city marketing activities, and others. These kinds of intervention mechanisms are used by the public sector to enhance demand for the outputs of the creative industries may be considered to be among the most important tools for the purpose, due to the following reasons:

- Firstly, compared to the previously described measures, this type of intervention is targeted at all sectors: citizens, the business sector, as well as the public sector itself;
- Secondly, if the previously described activities are mostly targeted at the local market, then the promotion and city branding are focused on both: raising the demand from locals as well as among foreign countries/customers.

The research reveals two types of schemes in the field of promotional activities:

a) Promoting the city at home, attracting locals, tourists, investors. The templates bring out the following examples:

Brilliantly Birmingham, an annual showcasing event of Birmingham's jewellery tradition and its designer makers. It has been running for 9 years and 2009 marked it's 10th birthday event. The week long event is described here '...Brilliantly Birmingham showcases the work of local, national and international designer

makers through a full programme of exhibitions, workshops and special events. All exhibitions are free of charge and the festival promises to be a fascinating insight into jewellery-making today....' (Brilliantly Birmingham, 2009: about.htm) The main focus of the event for the last 3 years has been to support new and emerging designer-makers in the form of the FLUX exhibition, this sits amongst a whole host of other associated events that take place for more established makers to exhibit. But the BB (Brilliantly Birmingham) team recognised that these new, recent graduates were under served by the festival. So Flux has become the core focus of the festival. [Birmingham]

Tallinn Music Week is the wide-ranging conference and festival showcasing the music industry in Estonia. The festival promotes Estonian music for both local and international audiences. This event invites people from the international music industry —record company A&R staff, agents, producers, and also the international music press— over to Tallinn to listen to and see Estonian musicians. [Tallinn]

The DMY International Design Festival in Berlin, is a contemporary design platform which combines fairs for established design companies and youngsters ... a scene-meeting place, design laboratory, meeting point ... An opportunity to network with the international design scene [Berlin]

b) Promoting the city abroad. From this group of activities, the following examples from the cities' responses and examples of best practice stand out:

The "Helsinki à Paris" creative event was organised in the Saint Sulpice square in Paris in April 2008. The project was a unique cultural and promotional event showcasing the Helsinki region. It offered a window on the dynamic and creative scene of the Metropolitan area, by presenting the most talented and innovative Finnish artists and designers. [Helsinki]

The Berlin Senate launched the "**be Berlin**" capital city campaign in spring 2008. The first stop on Berlin's world tour was New York, where the city showcased itself at the "Berlin Days in New York" including various events over the course of three days. Berlin celebrated 20 years of freedom, change and creativity by bringing the city's top designers, filmmakers, musicians and artists to New York. Next stops in 2009 included Istanbul, Copenhagen, and Brussels. [Berlin]

Amsterdam Topstad (Amsterdam Top City) – The main goal is to strengthen the city's economy, and it is especially aimed at improving Amsterdam's position internationally. Creativity will be the central focus – creativity geared towards action and able to get the best from all projects and parties involved. There are five areas of action: 1. use and attract talent; 2. stimulate and facilitate from start to growth; 3. atmosphere and hospitality, freedom, service; 4. use and create space; 5. Amsterdam's international reputation. [Amsterdam]

c) Promoting the city in the virtual environment. A third type of promotion environment can also be recognised, which might become an important issue in coming decades. One example which represents such a type was presented by Berlin – "Twinity" is a 3D mirror world based on real cities and real people. For more information please visit: www.twinity.com.

2.3.3 Main findings

The results of the situation analysis lead to the following conclusions:

- In general, analysing the measures and best practice the city representatives described in the templates, it is apparent that whilst all the cities operate several measures to enhance demand for CI product, when compared to other types of measures like enhancing business, and developing space for example, the cities have not often included the demand-side measures amongst the 10 most relevant measures for supporting CI. A majority of the support measures tend to belong to the supply-side group of measures;
- In general it may be concluded that the cities in their activities have concentrated primarily on stimulating private sector (as in business sector and individual consumer) demand for CI;
- With regard to policy interventions to stimulate public sector demand, “percentage for art” schemes are widely used in the cities with longer practice of developing creative industries. At the same time no city listed any public procurement scheme among the ten most relevant measures;
- In many cities, there are measures for supporting the formation of different networks. Yet among the 10 most important measures there are no examples where the purchasing of CI products or services by private or industrial actors is directly subsidised;
- Measures that are directed to enhancing demand from individual consumers are mainly related to establishing the infrastructure (creating an attractive space, etc), and also to educational activities;
- It is also an important and positive fact, that most of the cities have highlighted the measures involving promotional activities and city branding as being among the 10 most relevant measures for supporting CI.

To summarise all the different factors at work (not only the cities' measures and best practice, but also the cities' focus and aims in developing CI, their organisational structure, and evidence from strategic documents) we can conclude that Amsterdam, Barcelona, Berlin and Helsinki and to a slightly lesser degree, Stockholm and Birmingham, have attached somewhat more importance to enhancing demand for CI products and services than the other cities.

2.4 Developing Urban Space (Theme 3)

Developing urban space and creative city districts

2.4.1 Introduction to the theme: Aspects of urban space to support creative industries

2.4.1.1 Pursuits of raising the value of urban space

The endeavour to maximise the value of urban space through enhancing quality, adding new beneficial functions and increasing attractiveness has been encoded in humans for a long period of time: “*Spatial intelligence, one of the seven acknowledged human capabilities, is the result of millions of years of evolution, but is an underrated human capability, mainly because people use it unconsciously all the time as they navigate their way through their daily lives.*”¹⁰¹ Forming the basis of a more democratic interface between society and practice, understanding and knowledge of space is only pursued through precedent and challenged with experience.

In scientific and socio-political discussions creativity and the associated capability to be innovative are considered to be key elements in the future development of economic organisations and regions. *Metropolises* are important centres playing a unique role in this context. There is a powerful force that infuses the city with life and constant change—the energy of its citizens, who play a huge role in defining their neighbourhoods. The emphasis on the role of metropolises as incubators of creativity, and as spaces for inspiration, experimentation, and cultural production is indeed not new.

However, the empirical-analytical analysis of decisive assumptions on the interrelatedness of creative industries and the change of urban space is still lacking. As social practices change, the meanings and enabling functions of urban space have to change too. The relationship between space and

¹⁰¹ Leon van Schaik, *Spatial Intelligence*, John Wiley&Sons,Ltd, 2008, Great Britain, p.8. *Architectural Positions*, ed. Avermaete,T. Havik, K. Teerds, H. with assistance of Woltjes, C. SUN Publishers, Amsterdam, 2009.

practices has been a perfect theme for consideration by architects, social scientists, philosophers, and urban planners. In the course of the twentieth century, the question that has arisen over and over again is how to provide space for the multiplicity of human social practices. The concept of public space is a touchstone between different academic disciplines and city governance to discuss the many qualities of urban spaces. Generally speaking a public space refers to an area or place that is open and accessible to all citizens, regardless of gender, race, ethnicity, age or socio-economic level. Access and social interactions in city places provide the means to analyse and also improve urban spaces in the context of creative industries.

We know that for French philosopher Henri Lefebvre¹⁰², space was created by human actions, other spatial practices and in everyday utilization his power relations become visible. Another French historian and psychoanalyst, Michel de Certeau shares Lefebvre's perspective. Following the moderns, in "*Public Spaces*"¹⁰³, architect Raoul Bunschoten comments that "*the singularity of public spaces remains a key attractor for a variety of people, events, collective expressions, programmes, but what comes out constantly changes, adapts to new trends, forces, desires, and it multiplies in its adaptations over time.*" Public space is therefore essential to urban life, the locus of interaction, through which human possibilities are expanded. In his approaches to design public space, he tries to generate a certain openness and use of the latest techniques to develop unusual qualities. It is precisely the openness and freedoms that architect Bernhard Tschumi¹⁰⁴ arrives at, being a contemporary practitioner strongly influenced by Henry Lefebvre and his call for *unprogrammed space*. Should architecture be primarily a "neutral" envelope offering space for events as Tschumi proposes?

Various sites in cities are designed for particular functions and activities. There remains a challenge to incorporate more unassigned, or unprogrammed, public space in the city planning process. In this sense urban spaces are more or less programmed in reality but that does not strictly limit everyday practices. However, unexpected uses of and performances in public spaces can articulate new meanings and prompt creative encounters. Different fields of the creative industries can benefit from the cultural infrastructure of cities and their cultural absorption capacities¹⁰⁵ that enable them to integrate multiple cultural events with strategic projects, and to bring fragmented places together into a habitable urban space. The field of creative industries can be supported through open culture and urban spaces, because these

¹⁰² Lefebvre, Henry, *La Production de l'Espace*, Anthropos, Paris, 1974.

¹⁰³ Bunschoten, Raoul, *Public Spaces*, Black Dog Publishers, London, 2002.

¹⁰⁴ Tschumi, Bernhard, *De-, Dis-, Ex*, in Bernhard Tschumi, *Architecture and Disjunction*, Cambridge, Mass. (MIT Press) 1996.

¹⁰⁵ Amin, A. & Cohendet, P. (2004). *Architectures of knowledge. Firms, capabilities, and communities*. Oxford University Press

are important elements to help mobilise and concentrate human creative energies. The aspects of cultural tolerance in cities and active involvement of well-educated talented people has become crucial for enabling the development of creative industries¹⁰⁶.

2.4.1.2 The focus of the spatial renaissance

The focus of the spatial renaissance has received most of the positive feedback, because by introducing cultural and creative functions, it has brought new life to different urban areas. Many industrial areas and relationships in them have been newly re-valued. Where the industrial society left behind socially, physically and culturally degenerated spaces, new functions and symbolic values have improved their quality, especially in post-soviet cities like Riga, and Tallinn, but also in Berlin, and in the old industrial city of Birmingham. The development of new areas, reshaping the use of spaces and creating new functions are particularly topical there. However, it seems that the quality, use and value of public spaces poses a problem in large metropolises where endeavours are only focused on making the urban space more attractive and enlivening the atmosphere.

2.4.1.3 Why can't we build places we would like to go to?

The "Streets as Places" ¹⁰⁷ philosophy approaches the planning and design of streets holistically, working to integrate many elements of the street environment to create vital places where people not only feel safe and comfortable, but also experience a sense of ownership and community. The concept of *placemaking* emphasises designing streets for people, not just for modes of transportation. Street life and outdoor activities make a place lively, an outcome that a streetscape project alone cannot achieve.

We have devoted quite a lot of time to explaining the essence of urban space in the hope that we will learn to value it before it is too late. Currently, *metropolisation* often manifests itself in the privatisation of urban space. However, it often remains unclear what exactly is privatised and how privatisation is carried out. On the one hand, the analysis of private

¹⁰⁶ Florida, Richard, *Cities and the creative class*. New York: Routledge.

⁵ http://www.pps.org/info/streets_as_places/

Recueil, *Lire L'Espace*, Ed. OUSIA, Bruxelles 1996

AREA 100, *Changing Cities*, Rivista di architettura e arti del progetto, Milano, settembre/ottobre 2008.

Sous la direction de Chris Younès, *Art et philosophie ville et architecture*, Ed. La Découverte, Paris, 2003.

Maegher, I. Sharon, M, *Philosophy and the City*, State University of New York Press, 2008.

neighbourhoods as club economies explains the economic attractiveness of this form of housing. On the other hand, the study of private settlements as a new form of territorial organisation shows that the political decisions are taken in a kind of shareholder democracy, and that social differences become institutionalised. Therefore it seems entirely appropriate to speak of the sociality or interactivisation of urban space in the context of enhancing creative industries. The fall of the Berlin Wall made us aware of *globalisation*, which is not only restricted to the economic and financial spheres but also permeates the cultural sphere. In Europe where towns have always relied on urban space, privatisation happening in the course of metropolisation takes place similarly to that in American cities where urban space has never been sufficiently valued.

The strategies for creative spaces research are centred on the following principal objectives:

1. The basic role of public spaces in the newly transformed areas as means of generating identity and fostering social and cultural integration;
2. Urban renovation and rehabilitation of the old town aimed at avoiding gentrification and maintaining social coherence in the affected neighbourhoods; but cities are also stimulating gentrification, and see creative industries as one of the instruments to do so;
3. Upgrading of peripheral areas through various strategies, for example by means of a public programme linked to the restoration of squares, arcades, open spaces, and gardens and by the introduction of cultural values and symbols in the landscape;
4. Public leadership and initiative in the design and management of urban transformation projects;
5. Integration of partial interventions within an overall project for the whole of the city, even in the case of projects linked to exceptional events such as festivals;
6. Concern for the connection and continuity of newly-built areas with pre-existing neighbourhoods—in order to avoid excessive zoning or functional specialisation.

2.4.1.4 Public policy interventions for creative urban spaces

The public sector and municipalities can support qualitative urban spaces initially through **communicative planning**¹⁰⁸ that involves collating the ideas of interest groups on designing future environments in cities. The strategic spatial planning process and public goals in cities need to be negotiated and

¹⁰⁸ Healey, Patsy, Göran Cars, Ali Madanipour & Claudio De Magalhães (2002). Transforming governance analysis and institutional capacity. In Cars, Göran, Patsy Healey, Ali Madanipour & Claudio de Magalhães (eds.): *Urban governance, institutional capacity and social milieux*, 204-225. Ashgate, Aldershot.

formulated to encompass a longer-term perspective. Planning cultures differ by cities and countries and are influenced by planning laws and the general history of spatial planning. Post-soviet cities are in a different situation than western cities because public participation activities needed to be evaluated and re-integrated into the city planning process, something that requires both interest and knowledge from planners and architects and also from local people. Additionally, high quality urban spaces should be seen as an evolving and flexible process. This perspective poses challenges for integrating various places/spaces and projects/events in urban policy and city developments.

Operating alongside a holistic and comprehensive understanding of the urban problems, a **horizontal approach** is needed that develops through more area-based, targeted and participative projects. Although registering many benefits in the United Kingdom, the practice of urban regeneration has caused its own fragmentation, since each area-based project exists alongside other projects, some of which may even overlap at local level¹⁰⁹. The new forms of governance need to learn from local inhabitants and therefore social networking and partnerships become very important to formulate and realise urban policy in practice.

Recently, we have witnessed the development of **interactive methods (e.g. wiki-planning)** to complement official spatial planning procedures. These can bridge the knowledge gap between the everyday experience of local people and professional planning expertise. The purpose of wiki-planning is to map the values and needs of local people through direct involvement in the design process by game-like building¹¹⁰, this interactive method was also used in producing visions of one area in Helsinki. Communication technology offers additional possibilities for bringing different social groups into discussion on urban futures. However, Internet based communities and game experiments do not replace strategic spatial planning, but these interactive methods can definitely contribute to the design of creative urban spaces.

Urban public spaces can be developed through **public-private cooperation**. This is especially needed for larger infrastructure projects like city transport and for example facilities for the Olympic Games. But collaboration between public and private actors can also be supported on a smaller scale. The idea of reserving **one-percent of total building costs for public space** is applied in many North American (e.g. Philadelphia) and European cities to create additional value for buildings and various spaces¹¹¹ through art and design. The application of this measure has also been discussed in Eastern European countries (e.g. in Estonia). Municipalities can also support **international**

¹⁰⁹ A. Cochrane (2007) *Understanding urban policy: a critical approach*. Blackwell.

¹¹⁰ Peter Tattersell "What is Wikiplanning?", conference of Urban Space and Local Community, 8.10.2009, Tallinn.

¹¹¹ Meeli Kõiva, "Lahkume keskpärasuse kiirteelt!" [Leaving from the highway of average quality], Postimees, 8.10.2009

architecture competitions to import international know-how for planning strategically important areas in cities.

Urban policy has often articulated the concept of community to advance collective responsibility and share of resources between local people¹¹². The sense of community provides local people with the capability to tackle issues affecting them. However, urban policy should not adopt the term 'community' to show all social policy measures in cities in a more positive sense. Often communities are far more socially fragmented than they seem from political goals and more difficult to define in reality. Many examples from European and North American cities show that culture has come to be seen as an economic asset¹¹³, although there is a tendency to reproduce the same projects instead of seeking to become more unique and authentic in cities. It means that urban policy measures of interventions shall be sensitive to the changing values of local communities and environments. The socio-cultural aspects of urban policy need to be stressed and integrated with the entrepreneurial and environmental claims of cities. The benefits of placemaking should be available to everyone in cities. Successful placemaking as a route towards creative urban spaces promotes the following qualities:

- Health and activity within a community;
- Improved social interaction;
- Increased cultural exchange and understanding;
- Economic vitality;
- Civic engagement;
- Environmental sustainability.

¹¹² A. Cochrane (2007) *Understanding urban policy: a critical approach*. Blackwell.

¹¹³ T. Hall (2006) *Urban Geography*. Routledge

2.4.2 The results of the situation analysis

2.4.2.1 Relevant spatial characteristics of the cities involved in the study

The focus of this chapter of the study is to understand how (semi-public) urban spaces support creative social interactions in cities on a general level, and how these urban spaces also contribute to cultural and creative economy. The cities mentioned present varieties of urbanism that become a part of creative industries by providing cultural infrastructure and wider social life. It is possible to divide the case cities into three groups on the basis of geographic location—Western European cities, Nordic cities and Eastern European cities. These groups of cities may have some more general path dependencies that determine how (creative) public space is considered in urban policies and city development. The post-soviet cities experience rapid transformations of urban environments and there has been a lack of interest in establishing high quality public spaces. On the other hand, the Nordic and Western European cities have a longer tradition and often also planning requirements that mandate the creation of attractive urban public spaces for people. It is important to understand the wider cultural contexts of cities as that will help to develop the futures of cities in association with their creative industries.

In several cities the waterfront areas are important to bring people and cultural activities back into city centres; one positive example of that is in Barcelona, where a run-down district close to the sea was regenerated for the Olympic Games in 1992¹¹⁴. The district will also have lateral and radial links to adjacent communities - to connect and integrate neighbourhoods in new and existing developments, so that all share in the economic prosperity created. Therefore it is important to consider the initiatives associated with city waterfronts to understand the role of urban spaces in the cultural economy. Barcelona, Helsinki, Oslo, Stockholm and Tallinn are located directly on the coast. All other case cities have riverbanks that are more or less integrated into urban spaces. Therefore areas featuring water in cities contribute to the habitability of urban spaces, by, for example providing meeting places, recreation facilities and great locations for cultural festivals. The climatic conditions of cities provide some restrictions to enhance outdoor socially interactive urban spaces. The size of population of the city can provide some background for creative industries, although having a small population is not always a negative factor here. This project excludes some major metropolises like New York, London and Paris that extend their influence

¹¹⁴ J. S. Jauhiainen (2005). *Linnageograafia. Linnad ja linnauurimine modernismist postmodernismini* [Urban geography. Cities and urban studies from modernism to postmodernism]. EKA.

powerfully across the globe. However, the cities that are involved in this project can be considered as important European nodes of creative industries which also have some international impact.

2.4.2.2 General focus and scale dimensions for developing creative city districts

Urban policies have the power to address specific issues through prioritising them in development plans, and through those plans also to shape the urban futures influencing public spaces and social groups¹¹⁵. Therefore the distinct urban characteristics and political measures associated with creative industries are important tools that deserve attention. Spatial and environmental aspects (to enhance quality and social interaction of urban space) are mainly considered as *the middle ground*– combining inward and outward dimensions of creative industry policies (see also chapter 2.1). There are policy attempts through spatial aspects to develop a city's services and qualities for the local inhabitants and also claim economic benefits from the creative industry sector. That said, some cities see the spatial dimension in a somewhat different way, Barcelona's representatives state:

"The spatial/environmental vision is focused mostly on foreign talent, capital and business attraction". [Barcelona]

Many cities' creative industries sectors are considered important to increase the wider attraction of the city (e.g. Tallinn); additionally special attention may be given to cultural infrastructures and the multicultural context (e.g. Berlin). Several cities aim to make cities attractive both for local residents and international tourists and investors. The integration of ideas and hopes of different interest groups towards urban futures seems to be crucial in the context of creative industries too.

Some cities place greater stress on the economic aims of creative industries policy and then spatial planning might function rather independently, although integration with cultural and social policies is stressed (e.g. Helsinki, Oslo, and Stockholm). A few cities (e.g. Warsaw) mention that creative industry policies can potentially decrease spatial imbalances associated with development. Spatial aspects of creative industry policies can be expressed through 'connectivity' and 'quality of space' that are integrated into a city's new master plan (e.g. Birmingham). However, quality dimensions of urban space need further elaboration. Revitalisation of heritage sites for tourists is stressed in Riga. The spatial dimension of creative industry development policies is also expressed by assisting start-ups to locate and network their activities in incubators. The role of creative industry clusters is stressed in the

¹¹⁵ A. Cochrane (2007) *Understanding urban policy: a critical approach*. Blackwell.

policies of Oslo, Barcelona and Stockholm. Barcelona stresses image promotion through creative industry using an interesting spatial dimension:

"Creative industry promotion has achieved a central significance in the discourse that Barcelona wants to develop for both internal improvement and external projection". [Barcelona]

This tendency shows that creative industry can become an important part of image building of cities (see also chapter 2.3).

2.4.2.3 Administration levels involved in developing public space

Public support measures for developing urban space and creativity as described in the template (see also Table 13) are widely used in the 11 cities and mostly implemented at a city level. Although, the scale dimensions of policy implementation are closely related with the general public administration system of a certain country. Alongside the city level, the state plays a more important role in implementing several policy measures in Riga, Oslo and also Vilnius. Urban planning tools for exposing cultural heritage and making use of design/architecture are used in all other case cities, usually at a municipality level. The regional authority supports this measure in Barcelona, Birmingham and Stockholm, and the state is involved in Oslo and Riga. Creative city districts as cultural quarters and events for mobilising local culture are directly supported in many cities. For instance, establishing creative centres for exhibitions and events is something supported by almost all cities. The establishment of these larger cultural infrastructures is supported at state level too in many cases (e.g. in Barcelona, Helsinki, Oslo, Riga, Tallinn, and Vilnius). This imposes on cities an important obligation to enhance 'cultural absorption capacities'¹¹⁶ integrating multicultural places within wider urban spaces and bringing together projects and global events.

Table 13. Public support for developing urban space and creative city districts¹¹⁷

● Urban planning tools for presenting cultural heritage, making use of design and architecture in urban development
● Development of creative city districts, developing cultural quarters
● Arranging festivals and other events (to advertise local culture, identity, and to shape and enliven the city's creative and cultural atmosphere)
● Revitalising unused spaces, regeneration of socially disadvantaged areas and/or derelict industrial sites (factories, industrial complexes, etc.)
● Establishment of creative and cultural centres, creating spaces for exhibitions, events, etc.

¹¹⁶ Amin, A. & Cohendet, P. (2004). *Architectures of knowledge. Firms, capabilities, and communities*. Oxford University Press.

¹¹⁷ The general list of policy measures used in the research (template), not directly associated with a particular city.

- Providing working spaces (for creative activities and individuals), making available long-term leases at lower costs, etc.
- Improving transport and enabling and diversifying public access
- Establishing public wireless internet areas
- Enhancing sustainable renovation of houses and establishments of urban gardens (e.g. Workshops, awards)

Providing low-cost working spaces for creative activities was clearly supported at a city level (with the exception of in Riga and Vilnius). States and regional authorities work alongside the municipality to improve transport and enable public access (this is the case in Barcelona, Birmingham, Helsinki and Stockholm). Cities are also quite actively trying to establish wireless internet areas; in Birmingham and Vilnius this measure is implemented at all three spatial levels. Sustainable renovation of houses and establishment of urban gardens is supported in several cities. However, to fully understand the scale effects of supporting measures for developing urban space and creativity would deserve more detailed study.

2.4.2.4 Social cohesion and cultural qualities of urban spaces

Interactive public spaces for cultural integration

The focus of social inclusion has concentrated on integrating the activity of very different cultural and social groups in towns and urban areas. Working relationships between small entrepreneurs function more easily, cooperation between nationalities and cultures strengthens. Policy practices used in towns rely on different mechanisms (see also Appendix 2: List of measures). Some of those listed below have helped metropolises to contribute most efficiently to the development of creativity and culture:

a) Spaces for performing arts

Recent theories from the cultural study of technology, highlight the affective and relational qualities of the urban / technological environment. In their focus on the performative and collective aspects of use and production, these theories challenge dominant views of representation and innovation, proposing more event-based and mobile accounts of inventive agency. For example in the Arabianranta area of Helsinki, there were local community dimensions connected with communication technologies to support social innovation. Also media developers and artists have the opportunity to address urban space in ways that prioritise its experiential, social and political contexts. Strategies on site-specific, community and performance art are complemented by the activity of media artists and designers, producing interventions and applications that can capture the collective dimensions.

Old industrial areas have the possibility to support creative industry. Some cities provide spaces for performing arts combining many cultural activities. For example:

The area around the old gas production facilities in Hjorthagen and Värtan is in the process of becoming a new urban city district. One of the old gas holders will shortly become a temporary stage for the Stockholm Opera during renovation work of the opera house in 2010. The city's cultural administration suggests that the stage should become a permanent site for the performing arts, and that the whole area should become a creative cluster for the performing arts. [Stockholm]

RADIALSYSTEM V - The area of the former pumping station, situated directly on the waterfront of the river Spree in the urban centre, has functioned since 2006 as a new creative space for the arts in Berlin. Artistic programs are produced and performed here (dance, music, theatre etc.). The venue is rented out to host externally organised political, business, science and media events. The transformation of this factory complex was made possible through a private investor and the place is run privately; however, some of their own cultural and art events receive funding from the cultural department. [Berlin]

The 22@ district is a former industrialised space used nowadays as a space to support creativity. [Barcelona]

A similar example is presented by Tallinn where the reconstruction and development of the organisation of the Culture Cauldron is in progress:

The purpose of the measure is to establish an independent, self-functioning and vital centre for culture and creative industries in a former thermal power station. It is seen as one of the centres during the year of 2011 when Tallinn is European Capital of Culture. It will be a centre of contemporary art and creativity with educational and environmental activities: a creative school, a cooperation project with Science Centre Energy, etc. It is located right beside the old town on Tallinn's coastline. [Tallinn]

In addition to the city administrations' initiatives there exist many cultural places which are privately run in the cities. For example, in Berlin, new private initiatives have been arising constantly, because enough spaces for creative and cultural activities are available, rents comparatively reasonable, wages rather low, and the creative environment inspiring. The city government counts on such private initiatives to complete the cultural and creative scene. In some cases they receive partial subsidy or, as in the case of the Radialsystem V, grants for their cultural projects.

b) Support of events

Events are considered to enliven the cultural/creative scene of the city and to strengthen a city's international image for tourists and extensively promote some fields of creative industries for longer periods. This requires programs of events and also organizational capacities. For example:

The Helsinki Event Office develops an attractive venue for events and thus makes the city more pleasant and attractive for residents, businesses, employees and

tourists. The Office organises Helsinki events in Finland and abroad, markets the city as a venue for major international events and develops services targeting event organisers. [Helsinki]

Similarly the city of Riga has a program to support city festivals; the emphasis is on ensuring sustainable development of festivals, funding can be allocated for up to three years in advance. Tallinn is preparing to be European Capital of Culture 2011, the aim of the initiative is:

To achieve a positive and lasting impact on both Tallinn's creative and living environment and Tallinn's and Estonia's image. There are attempts in the initiative to open Tallinn more to the sea and involve ideas of cultural activities from the grassroots level. The city of Tallinn also supports citywide cultural events to diversify the city's cultural life. [Tallinn]

Waterfront developments and use of architectural heritage

A creative perspective on urban development is by nature permissive and risk embracing. Permissive, because creativity cannot be legislated or regulated into existence, nor can it be anticipated. Creativity requires an open environment, which places a high value on originality and on new ways of both looking at and doing things. In the research around the creative development of cities it is evident that a waterfront plays an important role in several respects. Several cities involved in the research (e.g. Barcelona, Helsinki, Oslo, Stockholm) have squandered the great possibilities of their waterfronts. The regional plan provides a strategy for the Copenhagen waterfront, involving Oresund and the designation of Copenhagen's harbours as 'Regional Focus Areas'. As Oslo is both a county and a city, it prepares its own regional or 'County Plans' (Fylkesplan) which set long-term guidelines for Oslo as well as coordinating activities with national and local levels. Through the regional plan Oslo is promoting the city (and the region) as a 'Fjord City', with the waterfront being a major contributor. Some cities, for example Tallinn, have formulated visions and plans to integrate city centres and waterfronts, but visions and strategies are not enough to achieve development objectives, particularly when development land is in private ownership. In recognition of this there is a need for partnerships. Despite different climatic conditions opportunities should be found to maintain waterfronts and sustain a diverse variety of activities and events throughout the year. These will be places that will be full of people, day and night. They are the sites of festivals, markets, fireworks displays, concerts and other high-energy gatherings.

The success of a waterfront revitalisation that relies on intriguing design to attract people will be short-lived at best. Once the novelty has worn off, there must be something substantial that keeps people coming back again and again. Helsinki's Esplanade provides an exceptional connection between the city centre and the waterfront. However, Stockholm City Hall is proof that an iconic building does not have to detract from the places around it. Located

by one of the busiest sections of the city's waterfront, its grassy plaza, courtyards and interior public spaces welcome all who set foot there.

The renovation of a (historical) built-up environment can improve the image of a city district and provide possible new lifestyles. Some cities have used these policy measures to support creative industry. For example:

In Tallinn, there is the Neat Old House Project that evaluates historical buildings and their surroundings. The purpose of the project is related to developing urban space and a sustainable attitude and promoting the advantages of living in an area of cultural and historic value. The renovation of houses in culturally and environmentally valuable areas and the restoration of architecturally valuable historical details (built before the year 1940) is fostered by the Neat Old House Project. [Tallinn]

Riga city also provides public support for the renovation of architectural heritage sites. Vilnius uses similar policy measures to develop cultural city districts that have the highest breakthrough potential in creative industry fields. Helsinki and Stockholm have found a practical way of supporting the urban milieu:

The City of Helsinki requires all developers in the Arabianranta area to use 1-2% of the building investments of individual sites for works of art. The art works reflect the multifaceted history of the area and contribute to shaping of the identity of the new-built area. Even though art works have increased the attractiveness of the area, economic benefits have not been the main reason for launching the art project. [Helsinki]

This regulation states that one percent of the budget for new construction work, reconstructions and additional construction measures funded by the city should be earmarked for public art. The reasoning behind this is that art should be made available to all inhabitants, regardless of background or way of living. This applies to any construction project initiated by the city, but with some emphasis on institutions such as schools and nursing homes. [Stockholm]

Clusters and local communities in the context of the creative economy

Urban space and creative city districts are developed through various measures that support clusters of creative industries. Clusters can be understood through 'communities of practise'¹¹⁸ that are established through mutual engagements, meetings, common enterprise and shared values and a sense of place. The current analyses have certain limits to discuss communities of practices in depth, although it is possible to point out some initiatives.

¹¹⁸ E. Wenger (2000) Communities of practice and social learning systems. *Organizations*, 7(2): 224-46.

The de-industrialisation of European cities has often left unused areas near city centres. During the three last decades many cities have established public spaces and opened previously industrial areas for cultural activities. Several cities involved in the current project present these developments as best practice for supporting creative city districts. The initiatives show that cities have supported regeneration of brownfield sites or some seaside or suburban areas into creative urban districts that provide studios, offices, performance halls and meeting places for people involved in the cultural economy. A similar kind of approach is used in the following cities and projects (also presented as best practice – Appendix 3: List of best practices):

- *Amsterdam Art Factories and Artcity: to provide affordable and suitable studios and (living and) working spaces for 'creatives' in Amsterdam;*
- *Birmingham Custard Factory and Fazeley Studios: as a quarter, cluster or corridor for creative, media and digital businesses, providing underutilized space for student shows, community events, and public meetings;*
- *Cable Factory (Kaapelitehdas in Finnish) is an old Nokia cable factory turned into an independent cultural centre at the beginning of the 1990s. It offers five hectares for culture: various events, concerts, exhibitions, festivals and fairs;*
- *Stockholm Telefonplan: it has increasingly become a centre for art, design and architecture, there is also the newly relocated University College of Arts, Crafts and Design;*
- *Stockholm – Subtopia in Botkyrka: encouraging a micro-cluster of experience economy enterprises and providing attractive services for youth;*
- *Stockholm Kista and Kista Art City: aiming to bridge the physical and mental gap between high-technology business activities and neighbourhood community;*
- *Barcelona Media Park: to provide creative space for synergies between entrepreneurs, scientists and students on the field of new media and telecommunication, the active role of the university is important;*
- *Oslo Schous Cultural Brewery and Helsinki Cable Factory: providing offices for firms and individuals active in the creative industry sector, services to support collaborations;*
- *Vilnius Užupis and Riga Spīķeri Creative Quarter: providing facilities and infrastructure for creative industry activities;*
- *Campus Berlin-Charlottenburg: as an innovative quarter for scientists, entrepreneurs and creatives, bridging the gap between design and ICT businesses, located close to the Arts University and Technical University, initiating joint collaborations in research, education and incubation, establishing a creative incubator and providing space for start-ups.*

The abovementioned initiatives are briefly outlined to illustrate their shared common strategic purpose to support proximate locations of activities and social networking between the various actors of the creative industries and the wider community. Some projects/programs (e.g. in Stockholm)

encourage integration between creative industry activities and local people. Stockholm Kista has an interesting approach to enhance the “cultural infrastructure layer” that combines people, place and stories to create shared identities. Other initiatives (e.g. in Barcelona, Berlin and Stockholm Telefonplan) present university contributions and new know-how as important factors to encourage specialised clusters and related communities through urban spaces. The architectural heritage (e.g. in Riga, Vilnius and Tallinn) and vibrant urban milieu are often seen as important elements to support clusters and communities of practise in the field of creative industries. It is possible to recognise that eastern European cities have a more vague approach to supporting urban districts for creative industries and some projects are just at the initial phase.

There have been policy attempts at combining creative activities with local communities that were not presented as best practice by cities, although the initiatives seem to be important to support creative urban districts and communities, e.g.:

Helsinki has established three multidisciplinary cultural centres (Stoa, Kanneltalo, and Malmitalo) to present culture as extensively as possible. The centres thus serve both Helsinki's citizenry and local artists. [Helsinki]

In East Birmingham (North Solihull), there is an established regeneration zone to develop area-based strategies to support local people in disadvantaged communities through education, health care and social inclusion. [Birmingham]

These initiatives may have positive effects for the creative economy in the long-term by improving social cohesion and the image of the cities.

2.4.3 Main findings

- The creative process connected with public spaces can be seen as an ongoing, circular and multi-dimensional process of discovery, exploration, selection, combination, refinement and reflection in the creation of something new;
- Most of the cities involved seem to support creative industries through urban spaces as additional cultural infrastructure, although the focus of policy varies between cities. Some cities (e.g. Helsinki) combine creative industry development more with cultural and social components of urban policy. Other cities (e.g. Barcelona) stress economic aspects more in their policies related to creative industry urban space ;
- Many of the ideas on reconstruction of semi-public spaces (e.g. new uses for industrial areas) reported reveal similarities between the cities, in

Birmingham and Barcelona those development initiatives have taken place to a large extent already. Often in policies the link between the (territorial) reconstruction initiatives and fields of creative industries is not so clear. Local context and cultural originality could add additional features to coherent and liveable urban places;

- Western cities have effectively used “percentage for art” schemes in developing their creative urban spaces;
- Central-Eastern European (CEE) cities focus their CI policies more on certain city districts, many initiatives are in the initial phase and social qualities of urban spaces are less emphasised than in other cities involved in the study;
- There is a discernible ‘flagship project approach’ in policy initiatives that aim to revitalise urban spaces by way of a few large-scale investment objects and therefore socio-cultural aspects (e.g. communities) of cities can be neglected;
- Large-scale privatisation of land and facilities in CEE cities can become obstacles for creative city planning that tries to support accessible and habitable public spaces. It is important to note here that many of analysed initiatives are in the initial phase, therefore the eleven cities provide good grounds for exchange of expertise and learning on socially-involving urban spaces in the context of creative industry policies.

2.5 Financial Models (Theme 4)

Financing of Creative Industries

2.5.1 Introduction to the theme: Financial support for creative industries

City governance is organised very differently in different cities, this also applies to the public finances. There are far fewer generalisations and theories on city public finances than on the state level public finances. Two main factors can explain this. First, the dynamics of the relationship between state and local governments (including cities) and its distinctions. Second, the changing role of the cities and the expansion of their functions. The latter in particular, has undergone substantial changes in the last 30 years.

As Peter Clark¹¹⁹ describes in his overview, the strengthening of finance was very characteristic of European cities in the 1930s, and was based not only on increased local revenue from municipal trading and local taxes, but very largely on greater financial transfers by states to councils, state-backed municipal bonds and borrowing. After World War II, governments started to develop their social welfare agendas, greater financial resources, and enlarged bureaucracy, and through those instruments and their principal instrument – the municipality – intervened in most aspects of urban life. The financial capabilities of the cities multiplied in the course of two decades. But these developments were not very sustainable, also because of growing dependence on state financial transfers. In the nineteen seventies and eighties, several contradictions emerged and these were followed by setbacks. The state and private sector pressurised the municipal powers to view functions obliquely and in this situation facilitated the building of bridges between municipal and private sectors.

The last few decades have been characterised by the trend towards larger decentralisation and regionalisation¹²⁰, a trend that encapsulates several different changes, including: *a priori* controls being removed, tax autonomy being consolidated, decreasing the level of earmarked financial transfers in favour of general transfers. Consequently, the intensity of these changes in

¹¹⁹ Clark, Peter. *European Cities and Towns 400-2000*. Oxford University Press, 2009.

¹²⁰ *Local Finance in the 15 Countries of the European Union*. Second edition. Dexia Editions, 2002.

different countries has varied considerably. Comparisons are further complicated because some countries have mono-level local governance systems, and some have multi-level local governance systems.

Although the local authority expenditure is 20% or more of national GDP in Nordic countries, it is only 10% in the UK and even less in some southern European countries. Municipal expenditure, in the form of lower tier expenditure, constitutes 70-80% of local expenditure in most EU countries.¹²¹

The aforementioned dynamics are impossible to understand without analysing the changing share of functions between state level and local municipality levels. There are only six or seven spheres where cities have the main responsibility in all EU countries: water supply and sewerage, waste collection and treatment, local roads, urbanisation, upkeep of elementary schools. To some extent the local social care and local cultural life also belong to the same category. Even in the case of town heating or social housing, responsibility is not exclusively centred in the cities in Europe.

The significant shift in the expanding roles of the cities was brought about by several interactive new policies that emerged in the 1980s (city renewal, regeneration of city space including rezoning previously industrial districts, gentrification, waterfront revitalisation, sustainable development). So this shift took place at the same time as the crises in the implementation of cities' welfare programmes (as mentioned above (Terk, Krigul).¹²²) The common view in Europe sees that future economic growth can be achieved only through innovation and science and the cities are the growth engines – leading to the question of the special role of cities in entrepreneurship development and innovation. Previously these kinds of activities were not considered among the functions of the city governments (at least not among their direct functions). Starting to solve these kinds of questions meant that cities had to rethink their relations with the private sector and also with the academic sector; it meant developing new influencing tools as well as creating new more complicated financial schemes. This has been the frame in which the creation of creative industry policies and schemes has also been developed.

In creative industries as in entrepreneurship and innovation development, the cities are not the main actors, who in fact come from the private and third sectors. The city's role may be primarily in supporting or enhancing the development.

The money allocated by the city goes to the system created by the non-public actors and this public support can help the CI sector to function better

¹²¹ Local Finance in the 15 Countries of the European Union. Second edition. Dexia Editions, 2002.

¹²² Terk, E., Krigul, M. (Eds.) Tallinn – International cooperation and innovation // Tallinn: Tallinn City Government, 2008/2009 (in process).

or develop faster. This task should not be interpreted as just giving support funds or building pleasant premises for the creators – it has turned into a far more complicated task, where the city has to orient itself towards the multidimensional process and specify in which direction the city wants to influence the process, and after that, the city has to find the right channels and measures to succeed. Cities can use direct and indirect measures. Predominantly these are indirect influencing measures, but to a certain extent the city itself can be the purchaser of the innovative and creative products and services, also using these products to carry out its traditional functions (e.g. new technologies in communal public services or visual art in public buildings). In financing, this leads to intervention opportunities such as:

- Traditional public funding;
- Public procurement mechanisms;
- Grant schemes (for different purposes);
- Tax incentives;
- Lower costs of public services (including rents);
- Public-private-partnership schemes.

Usually, in addition to the traditional financing support for cultural institutions (covering the operating costs or financing the construction of cultural premises) various grant schemes for creators and creative companies and to support prime cultural events and festivals in the city become relevant. Also added to the financing schemes may be support of cultural aspects during the regeneration of city districts and urban planning. In addition to the previous financing models, a city can support creative industries through offering tax benefits or lower rent conditions – this way a city does not have to commit its own financial resources into the sector, but instead waives a potential income in favour of the creative industries. Another potential form of financial support noted occurs when a city supports the transformation of old industrial buildings into cultural centres, rather than capitalising on their market value by selling them for commercial development.

2.5.2 Results of the situation analysis

2.5.2.1 The organisation of financial support

A particular issue that has to be resolved at the city level is how to create an organisational mechanism for supporting and financing the creative enterprises and creators – one possibility is to establish a special foundation. In this case the city first has to decide how to guarantee the foundation's financial sustainability; something that may be achieved by the establishment of a large capital fund for the use of the foundation and which is boosted by the accumulated growth of the unused portion or alternatively which may

involve annual funding from city budget. The next priority for the city will then be to secure the transfer of the city council's priorities and policies into the foundation's finance and administrative procedures.

An independent organisation charged with carrying out creative industries projects and enhancing creative entrepreneurship is not only the solution for financing, but presumably enables deeper and more flexible relationships with the creators and creative enterprises than would be possible in the case of city officials organising the support schemes.¹²³

Of the eleven cities in the research project, two have focused the implementation and financing of their CI support measures¹²⁴ into one body, which is separate from the city administration. The following statements illustrate the processes of Stockholm and Oslo:

Locally, the city-owned company, Stockholm Business Region (SBR), is an important actor in improving the conditions for the creative industry in the Stockholm region. SBR is responsible for enhancing the climate for businesses in general through business services, business development and promotion. [Stockholm]

Oslo Teknopol is responsible for implementing the concrete measures regarding the CI which are formulated in the regional innovation program. They do that in cooperation with the city's authorities. [Oslo]

In most cases the CI support measures are implemented and financed via different departments of the city government depending on the project's or measure's characteristics.

The City Enterprise Department supports the activities of our creative incubator and provides entrepreneurial support grants, which are also open for creative companies. The Cultural Heritage Department is responsible for the development of the Culture Cauldron. The department provides support for cultural diversity by supporting the events and festivals, activities of the cultural organisation. [Tallinn]

Some cities use a combination of the above mentioned variants. They can have several separate offices or bodies dealing with the different aspects of CI support. These could be under some city department or outside the city government, examples include:

- Enterprise Helsinki and Helsinki Event Office (still under the Economic Development Department), Culture department, and others;
- Business Insight, Advantage Creative Fund and others in Birmingham;
- Barcelona Activa, 22@, Economic Promotion Department of the City Council, Culture Institute.

¹²³ Although Amsterdam and Berlin have a policy development and advisory body for CI development, they have not centralised the implementation of their support.

¹²⁴ Does not include the annual public funding for cultural premises and organisations (city theatres etc.).

Similarly to the Advantage Creative Fund in Birmingham, Berlin has established an independent subsidy bank to complement the funds provided by the different senate departments and from specific CI foundations:

Investitionsbank Berlin (IBB) is the subsidy bank of the Federal State of Berlin. It is an incorporated institution under public law with public-sector responsibility and a refinancing guarantee by the Federal State of Berlin. IBB's economic support and subsidy offers focus on innovative, small and medium-sized, enterprises in Berlin, also in the fields of media and creative industries, to support them in boosting performance and opening up new markets during all phases (start-up, growth, consolidation). The IBB has developed special financing instruments for CI in close collaboration with the Senate Department of Economics and Project Future, and amongst them Micro-Credit and VC Fond Kreativwirtschaft. The IBB's administration board is headed by the Senator of Economics. [Berlin]

2.5.2.2 Levels of the administration providing financial support

Financial support measures for CI as described in the template (see Table 14) are provided both at the city and national level. Again Birmingham, Amsterdam and Barcelona, and to a lesser extent also Stockholm, are very tightly connected to regional funding schemes.

Table 14. Financial support measures

● tax system support, including tax reductions or exemptions
● the one-percent for public art scheme
● special funding for creative industries: establishment of various targeted funds, foundations, seed investment (e.g. Creative Industries Fund, Film Fund)
● development of special / targeted programmes (e.g. design programmes, new media supporting schemes)
● attracting foreign investments
● financial support mechanisms with emphasis on public-private-partnership
● individual scholarships for specific activities (e.g. book authorship)
● supporting export

Tax system support models are not very widely used CI support measures in these 11 cities. The examples to be found are mainly drawn from state level support schemes. Also the 'percentage for art' schemes are usually regulated at the national level. But larger cities have also implemented it quite frequently (Amsterdam, Helsinki, Oslo, Stockholm, Birmingham).

Export support schemes are also quite often the responsibility of national level institutions.

The most widespread funding models used are related to the establishment of targeted funds, foundations or seed investments. They are followed by models attempting to attract foreign investments and support export, but also individual scholarships and targeted programmes. The support of the last two comes from both city and national level schemes.

The financial support mechanisms with an emphasis on public-private-partnership are used only in a few cases in the case cities. This may be because PPP is usually applied to large investment projects, e.g. the development of some creative district or the renewal of old factory buildings. There can be only a few projects of this type in the cities, and they are unique in their nature – so it could not be the prevailing mechanism. At the same time it doesn't mean that the volume of the finances moving through these schemes cannot be large, especially compared to the single grant schemes. The PPP is a developing and somewhat diffused method, which can be applied outside construction projects too. (Mullin, 2002)¹²⁵ This could lead to two hypothetical conclusions: first, this is a method that has potential, but being outside the traditional applications, is not sufficiently understood by city officials; second, we can put under the broad definition of PPP some practices in the cities, where the private sector is involved, but that are not considered as PPP in traditional financial management.

2.5.2.3 Financing measures used in the cities

The most widespread forms of funding used in the development of CI in the case cities are grants and annual public funding¹²⁶ (for operating costs and main activities). Further, many consulting, information and networking services are provided by the city officials. Most of the funding schemes described are targeted towards CI individuals and CI companies and their networks, very often all three are a target group of the same scheme.

The measures related to urban space development attract a lot of investment-type funding.

¹²⁵ Mullin, S.P. (2002) Public-Private Partnerships and State and Local Economic Development: Leverage Private Investments. U.S. Economic Development Administration.

¹²⁶ Public funding means the funding of activities, administration costs, operating costs etc on annual bases: including operational costs of CI incubator's or CI centres, network administration costs etc., but some cities also consider the annual funding of public cultural institutions such as theatres as relevant to CI policy.

Financing of creative industries' clusters / sectors and wider programs

Some cities (Amsterdam and Berlin, and partially Helsinki and Stockholm)¹²⁷, who have stated that their approach to supporting creative industries is wide and does not centre on a few clusters or sub-sectors (see also chapter 2.1), have arrived at complex programmes in the development of CI in their cities. One good example here is Amsterdam with its "Amsterdam Topstad" program:

The main goal is to strengthen the city's economy, especially aimed at improving Amsterdam's position internationally. Creativity will be the central focus – creativity geared towards action and able to get the best from all projects and parties involved. There are five areas of action:

- 1. use and attract talent*
- 2. stimulate and facilitate from start to growth*
- 3. foster atmosphere and hospitality, freedom, service*
- 4. use and create space*
- 5. Amsterdam's international reputation*

In other cities these wider platforms are even more general—supporting the developments in their metropolitan regions, e.g. the Helsinki Metropolitan Area Strategy and the Creative Business Region in Stockholm, and the development of CI is considered as one part of these strategies, not the central one.

Most of the cities have chosen some priority sectors or clusters to achieve their development aims in CI policy, and also have cluster or sector programmes, which also formulate the financing mechanisms for support. In light of the lack of financial resources, support for those sectors that have improved their role in the city's economy, seems wise. Also, then the realisation of the aims of CI policy is seen in selecting some priority sub-sector as the motor for boosting the whole CI sector in the city. Most of the cities¹²⁸ with more experience in supporting CI (Barcelona, Birmingham, Amsterdam, Berlin, Oslo, Stockholm, Helsinki), have some special programs (often including financing schemes) to support their CI clusters or specific sub-sectors. For example Birmingham finances its media cluster through the large cluster strategy program and a special media agency, although both retain a regional focus:

Advantage West Midlands Cluster Strategy: A cluster approach containing twelve clusters including the Screen Image Sound and the Interiors & Lifestyle Cluster. The clusters have three-year plans for 2008 to 2011. Each plan targets specific markets which will deliver critical mass and greater investment. The need for a cluster strategy came from the late 1990's and is a corner stone of the Regional Economic Strategy. Clustering of firms supports the notion of "critical mass", attracts new talent, supports related professional sectors and focuses infrastructure. (Funded by regional fund: Lifestyles and Interiors Cluster budget,

¹²⁷ Helsinki and Stockholm also have chosen some priority clusters.

¹²⁸ Including cities with a wider approach to CI development – CI is supported as a whole.

2008/11 is Euros 2,464,000; The Screen Media and Sound budget for 2008/11 is Euros 3,406,000; this will also attract additional funding from the ERDF on certain projects). [Birmingham]

Screen West Midlands – Lead agency for film, television and digital media in the West Midlands. It funds all kinds of activity to support the screen media industries in the West Midlands. Development, production and exhibition of film, broadcast and games. Offers a series of platforms to connect the different sectors. SWM is a regional resource, with its HQ in the Jewellery Quarter, to promote the film and screen sector. It provides training, advice and guidance to film makers as well as investment funds which range from Digital Shorts to full Feature Films. Script writing is also supported. The Agency is replicated across the UK. National Lottery funds are also aligned. SWM is also a key agency in the development of the digital economy and the use of new platforms for content creation and distribution. The latest annual budget for SWM is EUR 1,925,000 from investment funds in regional film and screen. [Birmingham]

A somewhat different approach to cluster support can be found in Tallinn. There the cluster programme does not select specific sectors of CI to support, but provides an opportunity to all the subsectors in CI to form their cluster and apply for support. The first CI cluster in Tallinn would probably be the film and media cluster, which gets cluster support from both state and city.

Grant schemes

Almost all the cities use some grant schemes to support CI entrepreneurship or the diversity of the cultural scene. Very often special grant schemes are provided for start-ups. Smaller cities¹²⁹ usually provide start-up grants, which are meant for all start-ups in the city including those in the CI sector. The cities with a longer history of CI support also provide special start-up grants for the CI sector novices. Grant schemes are also implemented to enhance business capacity and may support training, export, and marketing amongst others (see also chapter 2.2). The grant schemes are probably the most widely used schemes – they are also the easiest schemes to implement.

Venture capital and micro-credits

In addition to the different grant schemes it is very relevant for enhancing business capacity to make enough financing tools available. CI businesses are usually small, especially in the earliest phases, and considered quite high-risk enterprises for the usual creditors and their standing with banks is not very high either. Therefore some cities (Amsterdam, Berlin, Birmingham, Barcelona)

¹²⁹ And cities with shorter practice in supporting CI. The size of the city (the amount of enterprises) could be quite important in deciding whether to provide different start-up grant schemes for different sectors or one for all and combine it with some special additional sector specific services.

have managed to instigate some venture capital schemes. Several cities have established special funds:

Advantage creative fund – A fund that invests in creativity, supports creative businesses, creative people and creative ideas. It offers venture capital, and is open to proposals from all kinds of creative businesses, including start-up enterprises and established companies. The fund is designed to act as support for venture capital in terms of growth companies in the City region. There is a gap at this level which is not covered by VC funds nationally and is outside the reach of the schemes designed for start-ups and freelance companies. [Birmingham]

VC Fonds Kreativwirtschaft Berlin - The aim of the fund is to strengthen the equity basis of small and medium-sized growth enterprises in Berlin's creative sector by providing investment capital. The funds are primarily provided in order to finance the development and launch of innovative products or services. Investment is in the following areas: film, radio, TV, publishing, music, entertainment, advertising, fashion, design, architecture, multimedia, games, software, art and culture. [Berlin]

As with start-up grants in smaller cities, venture capital funds may also be targeted at a broader range of enterprises including those in the CI sector, or may aim to facilitate cooperation between different sectors, for instance:

Innovativ Kultur – The main aim of the fund is to promote innovation in cultural activities and to enhance cooperation between culture, the business sector and research. Stockholm city has seen the need to install a form of financing that does not focus on a specific field, but rather on the cooperation between different fields, in order to create positive synergies. The fund is to act as a high-risk investor for innovative creative businesses that often have difficulties in finding financing elsewhere. [Stockholm]

Some more experienced cities have implemented subsidised loan schemes for start-ups or for purchasing services:

Providing long-term financing for SMEs without the involvement of the applicant's bank. Providing money for founders. Loans up to 25,000 € are granted in a simplified procedure. [Berlin]

Business Development Services (BDS) – the BDS offers subsidies loans for contracting consultancy services. [Barcelona]

Annual public funding

Annual public funding schemes are related to the operating costs of city-owned cultural institutions (theatres, concert halls, museums, cultural centres, galleries etc). Most of the cities also have some annual budget for keeping the cultural scene of the city alive by providing financing for festivals, events and the like.

The City of Helsinki is the second largest supporter of the arts in Finland, distributing more than 20 million euros each year as operating subsidies and grants for Helsinki theatres, museums, art colleges and communities in various fields of art. Support is

also granted to private individuals practising the arts. The aim is to keep the art scene alive and as versatile as possible. [Helsinki]

The operating costs of the cultural institutions are usually quite high. And several cities have taken the opportunity to increase the public funding of these institutions with sponsorship agreements.

To increase the funding of cultural activities, the municipality negotiates sponsorship agreements for certain cultural institutions in order to add to its own public funding. [Oslo]

In most cities the annual public funding for CI development applies to the incubators and all kinds of information/consulting centres. Very often the operating costs and wages of the service providers (often the city officials) are met from the city budget. But cities also try to involve the private sector in supporting new businesses, for instance:

Microsoft Pre-Incubation Program – The aim of this project is to give support to the creation and the enhancing of new enterprises with a technological basis and with a global vision of the city. This project is the first one combining public and private initiative. [Barcelona]

Cities also finance network initiatives, which are largely meant for information exchange and to build cooperation. The type of financing provided to information centres and networks is similar – predominantly addressing operating costs like room rental and/or server rental and staff costs. However, in the case of networks, the operational and financing responsibilities are usually split between different stakeholders:

Creative Industries Amsterdam Area (CCAA) – CCAA is a network organisation that delivers and gives an (inter)national and metropolitan overview of services for the creative industries, including job-opportunities, funding, education, networking, coaching, business-skills, training, intellectual property, insurances, workplaces, international markets and promotion. A lot of these services are delivered through a user-generated portal. Public (state, province and municipalities), not-for-profit and private actors deliver and develop a wide arrangement of services for (creative) industries. The underlying rationale is that most services are already there, and that 'a one-stop-shop for creative industries' is just a tool to find these services. If needed 'special' services are developed. [Amsterdam]

Oslo Cultural Network – aims to identify and realise potentials for innovation and value creation which are not otherwise realised through the regular activities of the cluster. Innovation Norway (state funding) and individual businesses and R&D institutions also contribute in the financing of the initiative. [Oslo]

One interesting scheme to support the competitiveness of the creative industries from the annual public funding side is provided by Berlin and is related to the labour market policy:

The labour-market support program whose goal is to stabilise and to develop durable cultural initiatives. The Berlin Initiative KulturArbeit aims to create 300 additional creative-sector jobs that are funded for three years. [Berlin]

Investments in the development of creative space

As mentioned above, larger cities (Amsterdam, Helsinki, Oslo, Stockholm, and Birmingham) have used “percentage for art” type schemes quite extensively to help enliven their cities. Some cities have applied the rule to any construction project initiated by the city; this report is from Stockholm:

This regulation states that one percent of the budget for new construction work, reconstructions and additional construction measures funded by the city should be earmarked for public art. The reasoning behind this is that art should be made available to all inhabitants, regardless of background or way of living. This applies to any construction project initiated by the city, but with some emphasis on institutions such as schools and nursing homes. [Stockholm]

Some cities have made the regulation to apply to a specific district development, for example:

% for Art in Arabianranta – The City of Helsinki requires all developers in the Arabianranta area to use 1-2% of the building investments of individual sites for works of art. The art works reflect the multifaceted history of the area and contribute to shaping the identity of the newly-built area. Even though art works have made the area more attractive, economic benefit has not been the main reason for launching the art project. [Helsinki]

A majority of the cities have invested in the development of some creative district or renewal of old industrial buildings or an area. In some cases if the area and/or buildings belong to the city, it is mostly a city project financed from the city budget (or involves drawing money from EU funds, state funds or bank loans).

Infrastructure improvement in the Spīķeri district – the development of the creative district Spīķeri by making investments in the renovation of infrastructure on municipal land. Funding is from the ESF. [Riga]

Reconstruction of the old gas holders in the Hjorthagen-Värtan area, as a new arena for performing arts [Stockholm]

Reconstruction of the old heat station into the Culture Cauldron and development of the organisation of the Culture Cauldron. [Tallinn]

But very often the districts and creative areas are developed in cooperation with the private sector (and/or other stakeholders), e.g.:

Herttoniemi Design Path – Two well-known Finnish design bureaus, Marimekko and Marja Kurki have been located in the industrial area of Herttoniemi for years. Lately, there has been a growing interest from other design actors from importers to retailers to settle in the same area. Even though there has not been any official project to transform the area into a design cluster, the planner of the area (employed by the City) has been active in promoting the area as such and

attracting developers interested in design. (Instead of the role of funder, the role of the city has been that of facilitator/mediator between actors.). [Helsinki]

The Schous Cultural Brewery – Contributes to the development of a vibrant cultural quarter by providing space for cultural industries and activities. This area is connected to neighbouring areas that are developed by private entrepreneurs. Investment is in cooperation with a private property developer. [Oslo]

RADIALSYSTEM V – The area of the former pumping station, situated directly on the waterfront of the river Spree in the urban centre, has functioned since 2006 as a new creative space for the arts in Berlin. The transformation of this factory complex was made possible through a private investor and the place is run privately. However, the city has facilitated this process and also gives funding to some of the cultural and art activities there. [Berlin]

2.5.2.4 Immeasurable amounts within the total funding of creative industries

It is very hard to calculate the figure for CI funding by the cities as much of the funding comes from different departments (mainly from the departments for enterprise development and cultural development) and also from different stakeholders like regional¹³⁰ and national authorities, the ERDF/ESF and others. Therefore in most cities there is no dedicated percentage for CI as the funding consists mainly of different projects, schemes and investments.

¹³⁰ One interesting case is Birmingham, which seems very much dependent on the regional authorities for CI funding as much of the funding is drawn down from regional authorities to the city level.

2.5.3 Main findings

- Development of the financial support mechanism for creative industries is a complicated task because the scope of the CI varies across the case cities and because of the different approaches adopted. In principle the study identifies six options for intervention: traditional public funding, public procurement mechanisms, grant schemes, tax incentives, cost reduction on public services, public-private-partnership schemes;
- The forms of funding most widespread in the development of CI in the researched cities are grants and annual public funding (e.g. operating costs of incubators, information services);
- Almost all the cities are using some grant schemes to support CI entrepreneurship and the diversity of the cultural scene through festivals and events. Very often special grant schemes are provided for start-ups;
- The cities with longer experience of supporting CI, practice programme-specific financing of their CI development, supporting clusters or specific sub-sectors;
- A few cities (e.g. Berlin, Birmingham) have established special funds, which provide different financial support – from micro-credits to venture capital – to the creative enterprises;
- In infrastructure and urban space development, public investment schemes are usually used. The cities with longer experience of CI development have often implemented some variant of a *percentage for art* scheme together with PPP-schemes in revitalisation projects for urban space;
- In most cases the CI support measures are implemented and financed via different departments of the city administration. Still, two cities have concentrated the main measures and finances of their CI support into one agency.

PART 3

Synthesis analysis

3.1 CI policy models

Synthesising the results of the situation analysis

The theoretical standpoints of creative industries policy enable us to distinguish parameters which: (a) play a more dominant role in conceptualising the central pillars of cities' creative industries policy, and accordingly, also (b) form the basis for distinguishing between the cities. The results of the situation analysis of 11 creative metropolises also confirm the importance of certain key parameters in the cities' creative industries policies.

Below, the report presents the key parameters that should be taken into account in developing a typology of creative industries policy. The descriptions of these key parameters also include some possible alternatives.

A. The general focus of CI policy, which may have:

- a. An orientation towards clearly qualitative effects of creativity and creative activities. This might mean the whole city environment is made more attractive, that there is a diversified and creative atmosphere and a vibrant city life. This policy is oriented less towards achieving immediate economic effects (turnover, profit, employment etc) from the enterprises of the CI sectors;
- b. A clear focus on developing entrepreneurship in the CI sectors and the creative industries as an economic sector. The central aims are often viability of creative enterprises, their growth and economic contribution. The report notes that economic development often runs parallel to the stimulation of general creativity;
- c. A focus on the opportunity to regenerate urban space arising from CI development. Here especially the large-scale¹³¹ regeneration projects of urban space (e.g. brownfield regeneration, waterfront revitalisation) and their interconnection with the development of the creative industries is highlighted. In many cities the concentration of creative industries into some districts of the city has took place due to the fact that former brownfield or other industrial areas and waterfronts became vacant when the creative industries were growing. However, in former Soviet countries, one may conclude the strong

¹³¹ What constitutes large-scale also depends on the size of the city – e.g. for Barcelona it is a whole city quarter, for Tallinn it could be an old industrial complex.

interconnection of these urban regeneration projects with the development of creative industries.

The results of the situation analysis in 11 cities showed that all three focuses mentioned before are used.

B. The CI policy approach: concentration versus dispersion. Theoretically speaking, three possible approaches can be distinguished:

- a. concentration on the development of some prioritised sub-sectors of creative industries;
- b. orientation to the development of clusters – CI clusters, but also the wider clusters where the CI (sub-)sectors are connected with other economic sectors (e.g. tourism);
- c. the selection according to sectors or clusters is considered irrelevant – support is given to different initiatives, actions, etc., which are expected to bring more or less direct positive impacts to the CI development in the city.

The results of the situation analysis in 11 cities showed that variant 'a' was hardly present in any city, but variant 'c' and different combinations of 'b' were widely practised.

C. Governance of creative industries policy: the role of different institutional levels in the development of a city's CI policy. we can roughly distinguish two types of relations between different administration levels in the CI policy development process:

- a. The dominating actor in developing the city's CI policy is the municipality itself;
- b. The higher institutional levels (regional, state level) have an important influence on the city's CI policy development, so there is a high degree of interconnection between the CI policies of the city and those of other levels.

A more-detailed examination reveals that both types can also have sub-variants. For example, in the case of type 'b' the most influential upper level could be either the regional or the state level; and in case of type 'a' the city can have the dominant role in the region and therefore the city policy is automatically also the regional policy.

Comparing the key parameters, we can argue that A (general focus) and B (policy approach) are rather dynamic features, meaning that when required and desired the city can quite quickly change its policy from one alternative to another. Of course, because of the path dependency the changes might not be that easy. The sub-variant c) in case of parameter A (general focus) is bounded with more objective conditions and therefore changes towards this

alternative are not dependent on political will alone. First, some cities face the need for regeneration of old industrial sites and others don't. A separate question is, of course, to what extent do cities connect spatial renewal projects with creative industry development). Secondly, the large regeneration projects have a quite long timescale.

Parameter C (governance) is usually set by the characteristics of the state administrative system (including the financial system) and does not derive from the creative industries policy. Nevertheless, the type of cooperation and its quality between different administrative levels is an issue of any policy process.

Is the alternative chosen (or formed) under one parameter related to the choice under another parameter? To some extent it is, albeit the correlations might not be very strict. If some city has chosen alternative 'a' from parameter A (general focus), then obviously it excludes the alternative 'a' from parameter B (policy approach), but a city could choose from both 'b' and 'c' alternatives from this parameter. If a city has chosen 'c' from parameter A (general focus), then it should predispose towards choosing alternative 'b' from parameter B (policy approach). Also the correlations can be predicted between orientations towards large regeneration projects of the city space and stronger regional/state level influences towards CI policy in the city. True, most of the cities in our study were capital cities and therefore the regeneration motives could be connected to the state's image and questions of prestige. In this study we presume that these state prestige projects are more related to the more traditional culture policy (e.g. cultural key buildings) than a more up-to-date creative industries context.

Combining the above described parameters with each other and relying on the results of the situation analysis of 11 cities, we offer the following typology of cities' creative industries policy.

The logic of the typology forms as follows:

- Three scales and three "model" cities – "city with a new face", "culturally creative city" and "CI entrepreneurial city" representing the combination of certain parameters in developing the CI policies;
- The cities are placed on the scales combining the characteristic features of model-cities;
- The cities are placed into two groups based on the stage of development of their CI policies: (1) first round cities or cities with more established CI policies such as Birmingham, Amsterdam, Berlin, Barcelona, Helsinki, Oslo, Stockholm; and (2) second round cities or newcomers such as Tallinn, Riga, Vilnius and Warsaw.

See Figure 3.

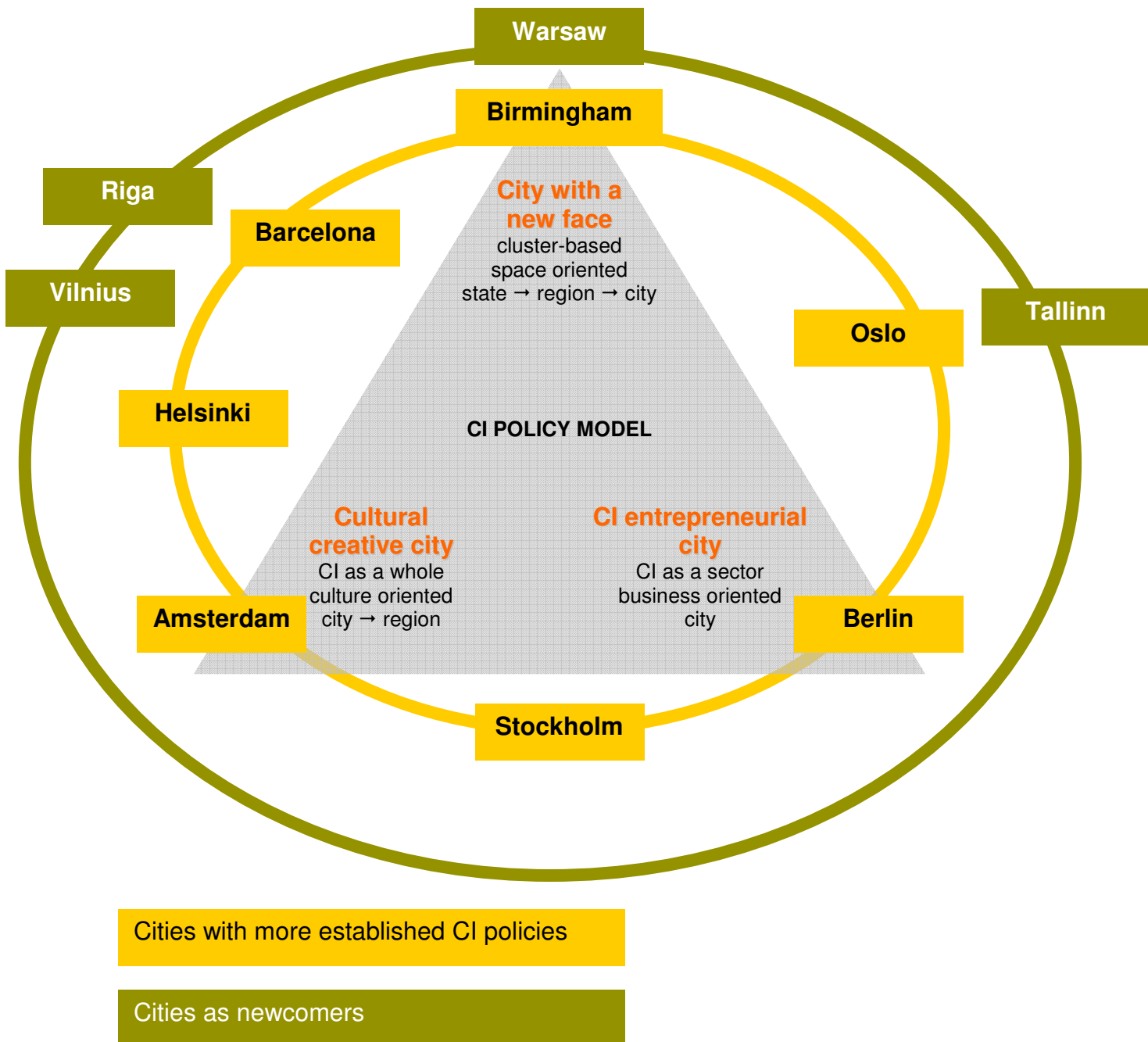


Figure 3. Position of the 11 cities on the CI policy models

All three model-cities are characterised using the three central features:

- approach to CI policy (cluster, sector, whole)
- general orientation of CI policy combined with regeneration of urban space (culture, space, business). The orientation focus is derived from the comparison with the other two model cities
- cooperation types in CI policy development between different administration levels: city, region and state

The best example of the model city type “**city with a new face**” in our study can be considered to be **Birmingham**. Space can be seen as being the driving factor behind CI policy due to the need for the restructuring of the city’s economy (developing public/urban space has a central importance in supporting creative industries). Birmingham is an example of the cluster-based approach in developing CI. It is a model where state and regional level CI policies have a strong influence on the city level policy development.

Berlin represents the model city type “**CI entrepreneurial city**”, where CI is approached as an economic sector (CI as a whole is clearly defined as an economic sector). Berlin is autonomous in its activities and covers both regional and city level – meaning that the city equates to the region. Business can be considered as the driving factor behind CI policy (hence CI is defined as covering cultural respectively creative companies—which are mostly profit oriented and deal with the creation, production and (medial) distribution of cultural/creative goods and services).

The model of “**cultural creative city**” could best be exemplified by Amsterdam. **Amsterdam** is an example of a wide-scope approach where CI is supported as a whole (and in connection with other sectors). It is a model where both the local and regional levels play important roles, and relies on the city level developing cooperation with the regional level. The CI policy can be characterised as culture-driven / culture-focused (cultural diversity and cultural identities are central keywords).

In addition, it is important to mention that these model-cities are not considered as the best possible option; these model-cities represent the clearest choice within different possible alternatives.

We can also place other first round cities into the scheme, although not unreservedly, according to the extent of their similarity or dissimilarity with the three model-cities.

We can argue as follows:

- **Stockholm** can be placed between Amsterdam and Berlin by the typology. Stockholm represents a city that has been based on a service economy for a while and the amount of industrial employment has already been marginal for several decades. Therefore large-scale urban regeneration is not the issue there. The spectrum of creative industries is quite wide and orientations vary, yet we can recognise (unlike in Amsterdam) an orientation towards cluster policies. Stockholm follows the concept of experience industries, which attaches the importance to the consumer, and therefore the approach can be considered as being more business centred. According to this orientation Stockholm can be considered similar to Berlin. Similarly to Amsterdam, most important support

structures for CI can be found on the local and regional levels, making the policy cooperation with regional stakeholders mostly directed from the city.

- **Barcelona** can be located on the Amsterdam-Birmingham scale, because similar to Birmingham, the development and revitalisation of urban/public space plays (and with the Olympic Games has played) an important role in supporting CI. The city's good historical preconditions for becoming a widely-scoped cultural creative and culture-tourism international centre moves it towards Amsterdam's CI policy. Barcelona follows the wide-scope approach associating the development of CI with tourism and the development of ICT. It may also be placed on the Amsterdam-Birmingham scale in terms of its relations with different administration levels, as it also develops CI policy in cooperation with stakeholders at the regional level.
- **Helsinki** should be acknowledged for recognising the opportunity to employ creative industries to make the city more attractive and creative. Although the endeavours are diverse (including the development of CI with the development of ICT, innovation, etc), it seems that the city administration expects more indirect effects from creative industries than direct impacts. Compared to Berlin the emphasis on CI entrepreneurship is weaker, making Helsinki more similar to Amsterdam.¹³² Helsinki has also outlined some spatial expectations of the creative industries – to make the urban space more interesting and creative, and several initiatives on redesigning urban spaces are characteristic of the city's CI policy. These spatial actions invite comparison to Birmingham's policies, and both cities use the cluster-based approach towards CI development too. Concerning the importance of different levels, as with Birmingham, the state has quite an important influence on developing CI. As the driving factors behind CI policy are both cultural and spatial, that places Helsinki on the Amsterdam-Birmingham scale.
- The initiative to redesign its waterfront urban space and the adoption of a cluster approach towards CI development makes **Oslo** similar to Birmingham. A further similarity to Birmingham lies in the fact that national level policies have a considerable influence on developing CI (probably partly due to capital city status). Oslo does not have the Amsterdam-like international 'cultural nest' status, but Oslo has stated that its CI policy can rather be characterised by its focus on creative business support, which makes it similar to Berlin.

Turning to the cities belonging to the group of “newcomers” in terms of CI policy development, the authors feel it would be more productive to try to

¹³² At the same time Helsinki has much weaker positions in international contemporary culture and tourism attraction.

outline the directions they might be taking according to the evidence of their initial policy initiatives. We argue (with considerable reservations) as follows:

- In **Tallinn's** case, the development the CI has to some extent been related to the redesignation of urban space. Opening the city to the sea has just started and is one of the main objectives of the European Capital of Culture 2011 project—so the regeneration of old industrial sites with creative industries is very topical. However, the scale of the changes is not so large or so coordinated citywide that Tallinn fits easily into the “city with a new face” model as in the case of Birmingham. Other policy orientations related to CI seem to indicate a greater intention to support creative enterprises than to raise the general level of creativity across its whole spectrum. This positions Tallinn more comfortably on the Birmingham-Berlin scale.
- **Riga's** history as an industrial city now presents it with very real regeneration issues. Compared to Tallinn, it has many more spaces in need of new functions and finding these new functions takes time. At the same time Riga has much better preconditions for becoming an Amsterdam-style cultural creative city in future, as it has a really metropolitan atmosphere and quite a cosmopolitan historical background, still reflected in its diverse urban and multicultural environment. These factors justify the positioning of Riga on the Birmingham-Amsterdam scale.
- **Warsaw's** advantages lay in its long cultural traditions and being the capital of a large state which provide sound reasons for cultural development. In fact, it could be adopting a premise that is closer to the development of a “traditional” culture than to an up-to-date creative industries concept. It is possible to discern the first initiatives on cultural/creative industries and spaces. At the same time there is probably a lot of room for revitalisation projects for the urban space. According to the situation analysis of CI policies of this study it is hard to say which way Warsaw's policy is going to move—towards a cultural creative city or a CI entrepreneurial city.
- **Vilnius's** orientation seems to be more towards relating creative industries development to other economic sectors and towards more indirect impacts on the city development, than direct economic value creation by the creative enterprises. At the same time Vilnius, as with other CEE cities, has several ongoing projects related to the renovation, regeneration and revitalisation of urban space and old industrial sites. Vilnius also contributes some best practice in this respect. Therefore we can situate Vilnius on the Birmingham-Amsterdam scale.

3.2 Further discussions

The policy practices of the cities and possible directions of development

The above model describes the situation of CI policy types at this moment. All the city policies are, of course, in a state of continuous development. The model gives an opportunity to discuss the directions which a city's CI policy development might or should take.

Most of the cities in this study are developing their CI policies more or less in the direction of the "cultural creative city" or of the "CI entrepreneurial city" model, and sometimes they are also combining elements of both models.

The support mechanisms for the "CI entrepreneurial city" model are oriented to the establishment of economically sustainable CI enterprises. Some of these enterprises, probably depending on the sub-sector (e.g. film or fashion industries), may grow out of an SME status and become financially and economically relevant for the city. Of course, the city should take care of providing a suitable business environment in the city. One component is also the large number of tourists visiting the city. Linking creators with other enterprises is also one of the focuses of the CI support policy within this model.

Success in becoming a "cultural creative city" depends largely on historical factors and other advantages like a cosmopolitan atmosphere, a diverse cultural life, an inspiring urban environment, and the presence of an international contemporary culture image. This model is more feasible for larger cities. The CI support policy in this model should focus, in addition to the entrepreneurial support mechanisms, on supporting cultural/creative initiatives in a wider sense – meaning the financial support to the creative activities, where results cannot be measured through the direct financial effects. Examples include– festivals, creative initiatives, studies of cultural and creative fields, developing a creative atmosphere, cross-cultural initiatives, and importing creative people from other cultures.

Following the model of a "city with a new face" means (or has meant) a change in the whole positioning of the city to a greater or lesser extent. This presumes a capacity to take major decisions and make financial allocations which the city alone usually would not cope with. Therefore, the role of the state and / or the regional authorities in this model is more important and thus,

CI policies are more influenced by decisions made at the state and/or regional level.

The level of cooperation within the CI sector and between other related sectors is relevant in all three city models. In the “CI entrepreneurial city” and “city with a new face” models, cooperation is focused more on the creation of entrepreneurial clusters. In the “cultural creative city” model, the cooperation is more diverse, but focused more on the formation of creators’ networks.

The regeneration of urban space brings positive benefits for both the “cultural creative city” and the “CI entrepreneurial city” and it is hard to estimate which model will gain more. It is probably more a question of the placement of infrastructural investments – for example in the “CI entrepreneurial city” model it is important to situate the incubator in the right place, so that it may serve and connect all the surrounding creative enterprises. The creative places (streets, districts) also tend to move in the timescale, so the policy should mirror the real situation. At the same time these well-designed new districts could be also perform as image-builders for the cities in order to move towards the “cultural creative city” model.

The rewards of successful development of the “city with a new face” model and the “cultural creative city” model are probably more comprehensive in terms of the development of the city, because the wider cultural and creative atmosphere that results is attractive to top professionals from many fields. The latter model might have more positive impacts on social affairs. However, the optimal results are probably very hard to achieve.

Before presenting any arguments on the CI policy development in CEE cities (Tallinn, Riga, Vilnius, and Warsaw in our study) we must consider that the smaller budgets available tend to propel them towards a “CI entrepreneurial city” model rather than a “cultural creative city” model. If aspiring to the “cultural creative city” model, cities should spread the support finance across many different actions and measures and expect the results to appear some way in the future. The advantages of the “CI entrepreneurial city” model are that it enables the concentration of finances on a more limited number of fields of action, and can also benefit from a lower level of business operating costs than are found in advanced European cities such as Berlin for example.

Appendixes

(See separate file)

Appendix 1: Template

Appendix 2: CI term and sectors in the cities

Appendix 3: List of measures

Appendix 4: List of good practices