



CREATIVE GROWTH – Policy Recommendations Report



European Union
European Regional Development Fund

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Preface

When looking at Europe's economic and social trajectory in recent times the only constant seemed to be change. Since the late 1990s half of all manufacturing jobs in the EU have been lost, illustrating how our economy is transforming from a traditional system of mass-production towards a knowledge-based economy that increasingly relies on services and high-end creation that cater for ever more fragmented consumer tastes. At the same time, the social and economic relevance of cultural and creative industries has continuously increased. The arts as well as diverse creative sub-sectors create significant amounts of growth and employment (approximately 5 million jobs in the EU¹) and contribute to sustainable economic development in all Member States. Creative sector companies are essential drivers of renewal and innovation: organisations from all industries apply creative capacities to develop user-centred products and services in an economy that is ever more collaborative, digitally networked and at the same time strongly focussed on meeting end-consumers' desires for meaning and personal fulfilment.

Consequently, the development of the cultural and creative industries has moved from the margins of policy making onto the top of the strategic agenda of many governments at European, national and regional levels.

Given Europe's diversity, it is not surprising that the intensity as well as the methods of promoting cultural and creative industries' development depend from country to country and from region to region. Public administrations and development bodies can therefore benefit greatly if they exchange their experiences on how creativity can be best supported. Over the past 2 ½ years, this has been the focus of project Creative Growth, which brings together 11 regional partners from 9 EU Member States and is co-financed by the INTERREG IV C programme. The objectives of the project were the mapping of cultural and creative industries in all regions, comparing business support strategies for the sector, finding good practices in this regard, as well as experience exchange and peer-learning. Additionally, suggestions for new growth policies to be implemented on all levels were developed².

The Creative Growth project produced significant benefits for all project participants and it is hoped that the results will also stimulate further policy debate at EU level. The focus of governments and development agencies has mostly been on assessing the economic impact that cultural and creative industries have in the EU and its regions. However, there has so far been little discussion on how support policies at European, regional and local level have to be adapted (or invented) to cater for the needs of the creative economy. This is changing: The European Commission, DG Enterprise and Industry, has recently launched a call for tender concerning the establishment of a European Creative Industries Alliance, which will primarily focuses on developing better business support schemes in relation to creative growth.

In this context, the following policy recommendations are intended to stimulate discussion and collaboration among policy makers and innovation experts at European and regional level.

¹ EC Green Paper Unlocking the Potential of the Cultural and Creative Industries. Available here: <http://bit.ly/bo4Aqy> (August 2011)

² A list of all publicly available outputs of the project can be found in the appendices as well as on Creative Growth's project website: www.creative-growth.eu

1. Summary Observations and Recommendations

Creative Growth made specific baseline observations in the report, which are briefly summarised below:

- If Europe wants to retain its global competitiveness and out-innovate competition in North America and Asia it has to remain the global creative hub of our times.
- Creative SMEs are the backbone of the Innovation Union and more efforts should be made to support them.
- The nature of innovation is changing. Creative capacities are increasingly required to promote innovation in diverse economic and societal areas.
- As the world becomes more networked and mobile there is a need for more interdisciplinary approaches and collaboration in the economy as well as in government and the public sector.
- Creative dynamics have a strong local dimension. Similarly to how innovation is often nurtured in a decentralised fashion creative clusters can often be best supported by local and regional initiatives.
- Creative growth requires more creative policy making. Policy makers at regional, national and European level should experiment with new support tools and also promote more experimentation in industry.
- Creativity and creation, as well as investments into both, need to be rewarded. A sound regulatory framework is required to facilitate this.
- We have ample evidence of the societal relevance of creativity and the cultural and creative industries in Europe. Let's focus on how to best promote them.

Based on these observations the consortium makes concrete suggestions how EU policy can further promote creative growth in the EU:

1. *Promote greater investments and investment readiness in creative industries*
 - Support investment readiness programmes (with CIP, ESF, LLL schemes)
 - Set up a new Creative Industries Investment Fund (with EIF and EIB)
 - Establish and promote creative industry guarantee funds and systems at EU and at regional/local levels.
 - Experiment with micro-finance in the creative industries (with Progress scheme)
 - Promote sound framework conditions to stimulate investments in creativity
2. *Support and provide assistance to incubators and incubation services*
 - Commission a study into the relevance of incubators and co-working spaces
 - Establishing a Network of Excellence project (NoE) under FP7 in relation to incubators and co-working
 - Review ERDF/ ESF funding to ensure holistic developments of incubators in EU regions

- Establishment of an international network of incubators and co-working spaces
3. *Facilitate Better Education, Research and Industry Relations (Triple Helix Approach)*
- The next research framework programme should establish a specific strand to promote creativity.
 - A quota should be considered to integrate creative SMEs in the ICT strand of the research programme (and specifically the Networked Electronic Media Initiatives)
 - Initiate an awareness raising campaign regarding creative cross sector collaborations at EU level
4. *Support the networking capacities of creative sector companies and professionals*
- The European Creative Industries Alliance's pilot project on cluster support should add a people-centred networking dimension to its endeavours.
 - Encourage further roll-out of broadband as planned in the Digital Agenda and support intermediaries that facilitate networking in cultural and creative industries.
 - Continue to support interregional cooperation projects that focus on creative industries to enable all EU regions to benefit from similar experience exchange as Creative Growth.
5. *Adapt existing business support schemes to the realities of the creative economy*
- Develop a programme that helps existing general business support organisations to add a creative dimension to their support services (train the trainer seminar, development of course materials, etc.)
6. *Network dedicated creative industries support offices across borders*
- As part of its Open Days initiative in Brussels or as part of the next cultural sector conference which is usually run by the country holding the EU presidency establish a formal network of all dedicated creative industries offices.
7. *Ensure that the creative industries remain a priority sector after 2013*
- A formal working group should be established between DG Culture and Education, DG Enterprise, DG Information Society, DG Regio and others to ensure that creative industries relevant policies continue to be mainstreamed in diverse policy areas. For the moment, the focus should rest on EU regional and research policy.
8. *Encourage creative experimentation with new, flexible, support schemes*

- The future Creative Europe programme of DG Education and Culture as well as the future research and innovation programmes (FP8 and CIP) should put aside a share of their funds to “nudge” creative collaborations and support unforeseen experimental projects.
9. *Establish a mobility scheme for artists and cultural and creative industries’ professionals*
- The Commission should consider establishing a mobility scheme for artists and cultural and creative industries’ professionals to enable them to access new markets.

The project also suggests certain guidelines for the development of local and regional CCI strategies, which are further outlined in the main part of the report.

- A. A regional/ local strategy for CCIs should be tailor-made and evidence based
- B. Encourage Participation and Stakeholder “Buy-In”
- C. Promote Interdisciplinary Policy Making
- D. Communication and Leadership are Key to Success
- E. Don’t forget the Arts and Cultural Institutions
- F. Hard and Soft Investments are Needed to Kick-Start CCI Development
- G. Link up to National and International Initiatives:
- H. Promote Flexibility and Openness in the Support Structure

2. Cultural and Creative Industries Development and EU 2020

2.1 The Relevance of Cultural and Creative Industries for Europe

There exists a lot of evidence that the cultural and creative industries are vital to Europe's economic recovery, to job creation and to competing on a global scale. The following briefly summarises some of the key research findings in this context while acknowledging that there are many other reports that do so in a more detailed way³.

According to a staff working document from the European Commission from 2010 the creative industries account for 3.3 % of total EU GDP and 3 % of employment in Europe and are among the most dynamic sectors in the EU. Though employment growth was uneven across sub-sectors, overall employment in the creative industries increased by an average of 3.5 % a year in 2000-2007, compared to 1.0 % a year for the EU economy as a whole⁴.

It is also acknowledged that cultural and creative industries' development has important external effects on other industries. For example, it contributes to:

- the development of ICT infrastructure (broadband roll out, etc.) and the proliferation of consumer electronics (consider the success of Apple, etc.)
- the attractiveness of certain tourism destinations (Bilbao, Budapest, Berlin, etc.)
- the regeneration of regions and cities (take, for example, the renewal of the Greater Manchester Area in England's North West in the past 20 years)

In this context, the above-quoted competitiveness report highlights "creative industries are not only innovators themselves but they are also important drivers of innovation developed in non-creative industries"⁵. Besides these examples, organisations from diverse backgrounds increasingly rely on services and input provided by creative sector companies to innovate their products and services and reach out to consumers and partners in new ways. Research from the UK's National Endowment for Science, Technology and the Arts (NESTA) shows that "firms that spend twice the average amount on creative inputs are 25 per cent more likely to introduce innovations"⁶.

Therefore, creative sector companies can in many ways be considered as role models for a new kind of innovation, which depends as much on cultural understanding, user-insight, experimentation, and collaboration as it does on technological expertise. Their importance to further economic recovery and growth all across Europe therefore has to be recognised and promoted.

2.2 Towards a European Strategy for Creative Growth?

Taking inspiration from some progressive EU regions and Member States that explored and supported cultural and creative industries development at an early point in time the European

³ A detailed treatment concerning the different definitions of the creative industries can be found in the EC's Green Paper Unlocking the Potential of the Cultural and Creative Industries as well as in the 2006 study on the economy of culture. Both documents are available here: <http://bit.ly/IQhVN4>

⁴ Commission staff working document accompanying the European Competitiveness Report 2010. Published 28.10.2010 (SEC (2010) 1276 final). Many will realise that these figures are higher than those given by the 2006 study on the economy of culture, which indicated that the creative industries contribute 2,6% of EU GDP and account for approximately 5 million jobs. *ibid.*

⁵ The European Competitiveness Report 2010 is available here: <http://bit.ly/8Yv4wG>

⁶ See NESTA Creative Industries Policy Briefing: <http://bit.ly/mjoKwX>

institutions have in the past years made significant progress in developing and partly implementing a strategy to unlock the potential of the creative industries across Europe. While it is out of the scope of this report to outline in detail all that has been done at EU level the following provides a condensed overview of some of the key milestones as well as some thoughts on the challenges that lie ahead.

- The **European Agenda for Culture in a Globalising World** is the first-ever European strategy that takes a comprehensive look at the relevance of culture in the European project. In terms of the economic potentials of the cultural and creative industries it suggests that the EU harnesses the potential of culture as a catalyst of creativity and innovation⁷.
- The potential of the cultural and creative industries to contribute to economic as well as to social renewal in Europe was reconfirmed by several **Council Resolutions and Conclusions**⁸.
- Furthermore, the **European Parliament** played an important role in refining the EU approach towards better creative industries development. From a regional perspective, the EP particularly underlined the importance of promoting “tailor-made and regionally or locally adapted projects, as these are the most effective and sustainable projects for regional and urban development”⁹.
- To facilitate the „Open Method of Coordination“ – the interplay between European policy making and policy making in Member States – several **Stakeholder Groups** were set up¹⁰.
- Finally, the unfolding EC strategy for creative industries has been informed by several **EC commissioned studies**, which looked at the issue of creative sector development from several angles¹¹.

These developments led to the publication of the **European Commission’s Green Paper on Unlocking the Potentials of Cultural and Creative Industries** in 2010¹². The Green Paper is a detailed outline of many of the issues at stake. It was put out for consultation and attracted more than 350 individual responses from industry, research, governments as well as many intermediary institutions. Many of the respondents operate at local and regional levels¹³. While the large majority of responses welcomed the comprehensive and rather broad treatment of key issues, some asked for more focussed analysis of certain crucial points (cultural diversity, copyright, business models/ investments into creativity, public support mechanisms – to name but a few). It remains to be seen whether these issues will be addressed in the EC’s outstanding Communication on Cultural and Creative Industries, expected towards the end of 2011.

While most of the above developments occurred at strategic level they have to some extent already translated into concrete funding opportunities for CCI:

⁷ Commission Communication COM(2007) 242

⁸ Council Conclusions on the contribution of the cultural and creative sectors to the achievement of the Lisbon objectives, 2007:

<http://bit.ly/lc7kIs> and

Council Conclusions on culture as a catalyst for creativity and innovation, 2009: <http://bit.ly/mGUJpA>

⁹ European Parliament resolution of 2 April 2009 on the role of culture in the development of European Regions

¹⁰ The resulting summary document can be viewed here: <http://bit.ly/kNIYxm>

¹¹ Notably the recent studies on the impact of culture on creativity, the contributions of culture to local and regional development, and the entrepreneurial dimension of the cultural and creative industries. Also, albeit at an earlier point in time, the study on the economy of culture in Europe played an important role. All studies can be viewed here: <http://bit.ly/IQhVN4>

¹² COM(2010) 183

¹³ The contributions can be viewed here: <http://bit.ly/bo4Aqy>

- The DG Enterprise-initiated **European Creative Industries Alliance**, due to be launched in 2011, will establish a policy platform, a high level experts group as well as several pilot projects, all geared towards promoting spill-over effects between cultural and creative industries and businesses in other industries¹⁴.
- **DG Research** is expected to publish a call for proposals in relation to research pertaining to the links between creativity, culture, creative industries and innovation under its Science and Society strand in summer 2011¹⁵.
- The EC is currently pondering the establishment of a new support programme entitled “**Creative Europe**”, which would integrate the Culture Programme as well as the MEDIA Programme in one large initiative¹⁶.
- Similar to project Creative Growth several transnational cooperation projects that focus on regional sector development have been supported by **INTERREG, URBACT, FP7** and other EC programmes¹⁷.

2.3 Future Challenges to Promote a More Creative Europe

The recent Green Paper of the European Commission does a good job in outlining the tasks ahead:

„In recent decades the world has been moving at a faster pace. For Europe and other parts of the world, the rapid roll-out of new technologies and increased globalisation has meant a striking shift away from traditional manufacturing towards services and innovation. Factory floors are progressively being replaced by creative communities whose raw material is their ability to imagine, create and innovate... If Europe wants to remain competitive in this changing global environment, it needs to put in place the right conditions for creativity and innovation to flourish in a new entrepreneurial culture.“¹⁸

In relation to the above-mentioned policy developments Creative Growth identified certain challenges and opportunities which are further outlined below.

2.3.1 Challenges at Strategic Level

Despite the current trend towards more recognition of CCIs at EU level it remains to be seen whether they will receive adequate recognition in the EC’s unfolding flagship initiatives under **EU 2020**¹⁹, in particular the **Digital Agenda for Europe**²⁰ and **the Innovation Union**²¹. With regards to both initiatives, it will be key to embrace a much broader and more creative concept of innovation

¹⁴ The call for proposals regarding the alliance can be viewed here: <http://bit.ly/gJWNVW>

¹⁵ The calls were not yet published at the time of writing this observations report but are likely to be announced here: <http://bit.ly/ikBCXB>

¹⁶ Read rumours about this integration in the Screen Daily article: <http://bit.ly/iVHhWu>

¹⁷ Some examples: Creative Metropoles, ECCE Innovation, Creative Clusters in Low Density Rural Areas, CReATE, CREA:RE, etc.

¹⁸ EC Communication Unlocking the Potential of Cultural and Creative Industries, page 2. *ibid*

¹⁹ ec.europa.eu/eu2020/

²⁰ Details about the European Digital Agenda: <http://bit.ly/aNbiQA>

²¹ Details about the Innovation Union: <http://bit.ly/al26qT>

than has been done in the past. This is essential in order to reward creation, investments into the cultural and creative industries and to open up innovation support for creative stakeholders in the long-term. Furthermore, it is essential that the EU and its Member States maintains regulatory frameworks that promote creation and investments into creation.

2.3.2 Challenges in Relation to EU Regional Policy

It remains to be seen whether the focus that was put on the innovation capacity of creative industries in the EC's most recent communication on regional development and smart growth²² will also be reflected in the **design of the structural funds post-2013**. Given the large share of EU resources that are allocated via the structural funds this seems to be one of the most important issues ahead.

To better understand the relationship between cultural and creative industries development and regional competitiveness the European Commission has recently commissioned an independent study. The study found that there is a strong correlation between the two factors. However, the report also makes the point that the share of creative and culture-based projects supported by EU funding „is probably markedly below [the sector's] share in economic activity and almost certainly well below its potential contribution to achieving the objectives of cohesion policy“. In other words: policy makers at EU level as well as at regional level should put even more emphasis on and dedicate resources to creative development²³.

This line of thinking is adequately reflected in the European Commission's most recent Communication Regional policy contributing to smart growth, which dedicates an entire section to the importance of cultural and creative industries in relation to "smart specialisation" (smart specialisation is a new concept developed by the European Commission and lies at the centre of its new regional development strategy)²⁴. However, it will be vital to ensure that the focus on creativity and the cultural and creative industries is not lost in the coming months and years as the new budgetary period (2013 – 2020) of the EU is further negotiated. Some developments are worth watching out for: The EC's 5th Cohesion report²⁵, published in January 2011, does not mention the terms creativity or culture once despite being a major strategic document of relevance to the future design of the structural funds. Equally, creative industries stakeholders have so far not been involved in the establishment of S3 – the Smart Specialisation Platform – which is supposed to bring together regional networks at EU level to brainstorm new priorities to be tackled in the new structural funding period²⁶.

2.3.3 Challenges in Relation to Direct Support for CCI Development

While the societal value of creativity and the creative industries has been established public administrations and intermediaries should now focus on examining how support policies have to be re-designed or invented to better facilitate creative growth.

²² Regional Policy contributing to sustainable growth in Europe 2020 - COM(2011) 17 - 26/01/2011: <http://bit.ly/dRHsGI>

²³ See Study on the contribution of culture to local and regional development – Evidence from the Structural Funds. Executive Summary page 9. Available at: <http://bit.ly/b6j3hq>

²⁴ Regional Policy contributing to sustainable growth in Europe 2020 - COM(2011) 17 - 26/01/2011: <http://bit.ly/dRHsGI>

²⁵ Fifth Report on Economic, Social and Territorial Cohesion. Available at: <http://bit.ly/aXt4uY>

²⁶ More information about the smart specialisation platform can be found here: <http://bit.ly/lAw20Q>

Often existing generic support schemes are not suitable for businesses from the cultural and creative industries. Problems are multi-faceted: Creative sector companies may not know about them or may not have the resources to afford going through burdensome application processes designed for large corporations. Furthermore, support agencies often underestimate the growth potential of creative sector companies. Generic support schemes should therefore be opened up to companies from CCIs and new schemes need to be invented which meet the requirements of the creative sector. We make concrete recommendations in this regard in sections 3 and 4.

On another level, innovation experts increasingly question whether existing business support schemes are well equipped to prepare companies and entrepreneurs for the challenge of doing business in highly-networked and unstable business environments. For example, NESTA argues that processes of innovation have become so complex and interdependent that future innovation trajectories are hard to predict. According to its research, public agencies should take a more experimental approach to supporting innovation, notably by assisting companies and research institutions in more collaborative and open innovation projects through light-touch support and by disseminating resulting evaluation outcomes widely. The latter is important because information deficits are major barriers to innovation for many SMEs²⁷. Often, promoting involvement of creative sector companies in such experimental projects can yield further innovation. This is so because creative service providers tend to help companies to develop more market-oriented and customer-focussed products and services²⁸.

Furthermore, there is a strong need for more interdisciplinary collaboration – in industry, but also among policy makers. Only by bringing together policy makers from diverse areas such as culture, creative industry development, innovation policy, education policy, research policy, SME support and industrial policy – to name but a few – can the creative potential be mainstreamed into other policy areas. This view is also widely reflected in many responses to the EC Green Paper²⁹.

²⁷ An excellent break-down of this rather new and radical way of thinking about innovation is the think piece “State of Uncertainty: Innovation Policy through Experimentation. Available here: <http://bit.ly/jFmeka>

²⁸ The before-mentioned NESTA (National Endowment for Science, Technology and the Arts) has, for example, developed the widely-quoted Creative Credits programme, which is the worlds first voucher-based incentive scheme dedicated to creative spillover effects: www.creative-credits.org.uk

²⁹ Commission Staff Working Document SEC (2011) 399 final

3. The Creative Growth Project

Over the past 3 years the Creative Growth consortium has collaborated closely to examine and to optimise each partner's approach to better supporting the cultural and creative industries.

The objectives of the project were the mapping of cultural and creative industries in all regions, comparing business support strategies for the sector, finding good practices in this regard, as well as experience exchange and peer-learning. Additionally, suggestions for new growth policies to be implemented on all levels were developed. The following briefly outlines lessons learned that are relevant to policy makers.

3.1 Results of the Regional Mapping – Creativity Matters Everywhere

To develop a common understanding of the nature, the situation and the economic and societal relevance of the cultural and creative industries the consortium conducted a mapping exercise towards the beginning of the project. For analysis different parts or sectors within the CCIs needed to be identified. The ones that were used in the Creative Growth mapping were the following:

- Newspapers and magazines
- Computer software
- Television and radio
- Advertising
- Film and video
- Photography
- Toys
- Amusement parks and visiting places
- Music
- Fashion and design
- Arts and craft
- Literature
- Artists, theatre and dancing
- Architecture

In summary, the results of the statistical analysis show that the cultural and creative industries are a vital driver of development in diverse regions all over the EU and that this phenomenon is not only confined to the major capitals of EU Member States³⁰. The cultural and creative industries contribute between 5% and 10% of GDP of each respective regional economy. Growth of cultural and creative industries was also reported to be higher than general economic growth in almost all regions. The sectors of fashion & design as well as architecture were among the largest creative sectors in the regions.

The diverse Creative Growth partnership illustrates the diversity of the cultural and creative industries across the EU. Regional differences are rooted in the size of each region (the partnership included a region with 4.6 million inhabitants and one with 0.2 million inhabitants), its economic prosperity and – as importantly – cultural heritage, language and the role of the public sector in supporting creative and cultural endeavours. Of course, geographic location matters and is linked to

³⁰ This is also supported by the outcomes of another EU-funded project entitled Creative Clusters in Low Density Urban Areas: <http://bit.ly/bIVzE0>

all of the above factors. In this context, the partnership again is unique as it is made up of regions from a comparably wide geographical spread: Spain, Italy, Bulgaria, Romania, Lithuania, Sweden, Denmark and Scotland are represented in the project.

The finding that CCIs matter to regional dynamics across the EU is also backed up by independent research: a report by the European Cluster Observatory illustrated that the highest current growth rates pertaining to creative industries were with regions in central Europe and the “new” Member States, such as Lithuania, Estonia, Slovakia, Latvia and Slovenia³¹.

3.2 Results of Working Groups and Pilot Projects

Creative Growth identified and analysed 4 key themes in relation to better supporting cultural and creative industries at regional and local level. The partnership also conducted 4 small pilot projects with a view to test new approaches to better support the growth of creative sector companies. The following briefly outlines the findings and results of these activities and highlights their relevance in relation to current EU developments.

It then provides a summary of the project’s EU policy recommendations, which are further outlined in section four of this report. Furthermore, it includes a summary of each working groups policy recommendations, which are included in full in the appendices. Finally, a case study to illustrate good practice in the given context is provided.

3.2.1 Access to Finance

Creative sector companies and entrepreneurs face difficulties in accessing finance – both private and public – in order to start-up or grow. The multi-layered reasons for this have been analysed and discussed by thematic working group “Access to Finance”³². It established that obstacles to access to finance can be found on the side of the creative industries as well as on the side of financiers.

Next to being structurally challenged creative sector companies lack knowledge about existing financial instruments and skills in attracting investors. They also often fail to articulate the growth potential of their ideas, products and services vis-à-vis investors. The financial community as well as certain public entities, on the other hand, lack the ability to identify and evaluate the intangible assets that often reside within creative sector companies and their projects. They also find it difficult to assess the risks related to investing into creative projects.

The thematic working group report identifies certain investment schemes in the Creative Growth participant regions, which can also be used to help creative businesses. On the other hand, it also identifies a range of areas where business support organisations can help creative entrepreneurs to become “investment ready”.

At EU level, access to finance for SMEs is of major concern to European institutions. Programmes such as the Competitiveness and Innovation Programme³³ and institutions such as the European

³¹ European Cluster Observatory, Priority Sector Report: Cultural and Creative Industries, March 2010. Available at: www.europe-innova.eu

³² See Creative Growth Thematic Working Group Report “Access to Finance”

³³ CIP Financial Instruments are listed here: <http://bit.ly/mUgle9>

Investment Bank³⁴ and the European Investment Fund³⁵ run several schemes to promote SMEs. However, these are very rarely used by creative sector companies. This has been recognised in the Green Paper on Creative Industries³⁶. It has also been addressed in several studies on the sector's potentials. While so far comparably little has been achieved in terms of making available major public investments for the sector at EU level (next to established schemes such as MEDIA³⁷) the currently launched European Creative Industries Alliance will support a pilot project on access to finance in the creative industries³⁸. The Creative Growth recommendations should be considered in this pilot project.

At regional level, some innovative public intermediaries have set up creative industries funds – often with the assistance of regional banks. Moreover, intermediaries sometimes provide a multitude of related services such as coaching, mentoring, networking and business training schemes which are meant to increase creative sector companies' "investment readiness"³⁹. However, these kinds of interventions remain scarce and more experience exchange between regions on the issue would be beneficial.

Creative Growth EU recommendation on access to finance

In summary, the project consortium suggests that the European Union promotes greater investments and investment readiness in creative industries to address the above issues:

- Support investment readiness programmes (with CIP, ESF, LLL schemes)
- Set up a new Creative Industries Investment Fund (with EIF and EIB)
- Experiment with micro-finance in the creative industries (with Progress scheme)
- Promote sound framework conditions to stimulate investments in creativity
- Provide guarantees to reduce and cover the risk of investments
- To promote Venture Capital and Business Angels Networks

General TWG recommendations on access to finance

- Set up investment readiness programmes for the sector (training, capacity building, networking, etc.)
- Focus on improving the services and capacities of intermediary organisations at local level to better promote CCIs
- Improve the framework conditions of the sector to enable more investments

³⁴ EIB SME investment opportunities can be found here: <http://bit.ly/iW0yB0>

³⁵ EIF schemes for SMEs are listed here: <http://www.eif.org/>

³⁶ Green Paper page 11 section 3.3 Access to Funding. *ibid*

³⁷ MEDIA Programme website: <http://bit.ly/clmIWG>

³⁸ Call documents for the different ECIA strands as well as further information on the access to finance project to be set up can be found here: <http://bit.ly/gJWNVW>

³⁹ The state-owned investment bank of Berlin runs a Venture Capital fund focussing on creative industries: <http://bit.ly/plF82w>. Furthermore, project ImMediaTe, supported by DG Enterprise (CIP), aims to increase the investor readiness of creative industry entrepreneurs: <http://bit.ly/g8Aieu>

- Increase public investments through new funding lines and the adaptation of existing general funding lines. Attract private investments through public-private investment vehicles.

Case Study: ImMediaTe

ImMediaTe is a DG Enterprise-financed innovation project that seeks to facilitate closer links between creative sector companies and the financing community. It is not run by a Creative Growth member but nevertheless considered to be a project worth pointing out in relation to the promotion of better access to finance conditions at regional level.

ImMediaTe addresses Digital Media and Creative Industries to make:

- Companies more “investment-ready”
- Investors more "sector-aware"

During the course of 2010-2011, ImMediaTe organises a series of thematic events (one in each of the participating clusters) to mobilise local SMEs and stakeholders and attract a select international audience. Each event will provide ad hoc coaching, business and financial services to clustered SMEs based on three main service packages:

1 - ImMediaTe Academy (Broadening the skill base support package)

A package providing business and technical courses on critical aspects of media literacy to creative talents and entrepreneurs, including management, marketing and IPRs.

2 - ImMediaTe Market Forum (Going international support package)

A package offering high-level insight from Media experts together with the presentation of key trends, market opportunities and concrete opportunities for companies to showcase their projects to an international audience of sponsors, distributors, brokers, co-producers and other potential partners through match-making sessions.

3 - ImMediaTe Investment Forum (Investment readiness support package)

A package organising pitch sessions for select companies to meet international financial investors interested in closing deals with companies at different stages (seed, start-up, growth, etc.). Special attention will be given to the possibility of creating conditions for syndicated, cross-border, public/private co-investments.

The project is considered as a case of good practice as it links the efforts of more than 5 dedicated creative industries development bodies across Europe to make the sector more investment ready.

Further information can be obtained from Filas, the consortium leader:
<http://www.filasinternational.eu/immediate/project.asp>

3.3.2 Incubator Facilities

The likelihood of business start-ups to succeed is increased if they are located in an incubator facility during their establishment. This is also the case for creative sector companies. To examine the success factors of incubators dedicated to creative sector companies the thematic working group “Incubators for Creative Entrepreneurs” examined 27 case studies across Europe⁴⁰. The working definition for an incubator combined both the intangible services that such incubator often offers to its companies (business advice, networking, training, etc.) as well as the physical location that many incubators entail (office space, places to meet and network, etc.).

The working group established that incubators vary significantly from case to case and that the composition of services offered and the culture and “feel” of an incubator depends to a large extent on the institution that manages it. Often, incubators are financed through a patchwork of investments, EU Structural Funds being one of them. When establishing a dedicated incubator, a key challenge seems to be to find an appropriate balance between using existing infrastructure and resources, facilitating links with other sectors and at the same time offering a unique environment that caters for the needs and special entrepreneurial culture of creative start-ups. Given the ongoing emergence of incubators, co-working spaces and fab-labs all over Europe, the thematic working group established that those initiating and running such spaces could benefit from more evidence and good practices in relation to offering quality services and related key performance indicators (KPIs). The group made suggestions in this context (see TWG Report) which will also be further developed in section 4.

At EU level, the Commission has recognised the value of incubators in relation to better promoting creative growth. The Green Paper dedicates an entire section to the question how “spaces” can best promote creative enterprises⁴¹. The study on the contribution of culture to local and regional development goes a step further. It includes evidence that creative industries require and use dedicated incubation services and spaces successfully (case studies that illustrate this in the report are, for example, Mannheim and Zeche Zollverein in Germany⁴²).

Creative Growth EU recommendations in relation to incubators

- Commission a study into the relevance of incubators and co-working spaces
- Establishing a Network of Excellence project (NoE) under FP7 in relation to incubators and co-working
- Review ERDF/ ESF funding to ensure holistic developments of incubators in EU regions
- Establishment of an international network of incubators and co-working spaces

General TWG recommendations in relation to incubators

- Increase investments in and efforts to develop CCI specific incubators

⁴⁰ Creative Growth, Thematic Working Group Report on Incubators for Creative Entrepreneurs, 2011

⁴¹ page 8, section 3.1. *ibid*

⁴² pp 83. *ibid*

- Collect and analyse evidence in relation to the performance of specific incubators
- Promote links of incubators with the general creative eco-system in a given city or region
- Provide incubation spaces next to providing spaces

Case Study: Spinderihallerne, DK

Spinderihallerne is a newly established creative industries incubator in Vejle, Denmark, that hosts more than 40 creative businesses, the Centre for Culture and Business as well as a number of cultural institutions. Next to providing spaces for creative sector companies it also provides a range of start-up and incubation services and thus fulfils the above outlined criteria.

- More than 70 pre-start ups have been coached in the incubator's training programme
- The incubator reaches out to more than 60 creative enterprises, 3 universities and 20 further businesses that rely on creative inputs and thus is responsible for orchestrating a small creative cluster that reaches beyond the geographical scope of Spinderihallerne
- The incubator organises an extensive programme of events and outreach activities and also cooperates with further privately run incubators.

Further information: <http://www.spinderihallerne.dk/>

The Danish incubator was considered as a case of good practice in term of how cities and regions can use spaces to provide creative industries with an adequate environment and support to further their development.

3.3.3 Education, Research and Industry Relations

Innovation lies at the heart of the creative process and as such is essential to creative business success. Nevertheless, until recently the domain of creation and the more science-oriented domains of research and education mostly remained worlds apart. This is changing: as digital technology transforms the nature of creative development, production and distribution creative businesses as well as many education and research institutions are increasingly looking to each other for joint collaboration, ideation and the development of new creative products and services. This trend manifests itself in new partnerships and new institutions⁴³.

The thematic working group on "Education, Research and Industry Relations" examined this phenomenon and discussed how more collaboration between different stakeholders can be best facilitated in relation to several identified sub-themes, ranging from life-long education and training to new technology transfer concepts⁴⁴. It also identified and analysed a range of case studies in this regard and developed detailed recommendations on how a triple helix approach in relation to creative industries development can be implemented.

⁴³ For example, Finland most recently merged the university of technology, the university of art and design and the university of economics to establish a new kind of interdisciplinary higher education and research institution, the Aalto University. One of the key reasons for doing so was to facilitate more creative outputs across the different disciplines: <http://www.aalto.fi/en/about/>

⁴⁴ See Thematic Group Report. Page 4

At EU level, this issue for long did not constitute a major component of the policy debate on creative industries. More recently, however, the EC commissioned study on the entrepreneurial dimension of the cultural and creative industries called for strengthening education, research and industry relations in the sector⁴⁵. The study specifically calls for the establishment of innovation vouchers to enable creative SMEs access innovation expertise and suggests that intermediaries should liaise between education, research and creative businesses to facilitate better knowledge exchange. So far, these suggestions have not resulted in a notable change of strategy of the EC's research programme (FP7) which continues to primarily finance technology-driven projects with little participation of creative stakeholders. However, as previously mentioned, the EC is expected to launch a call for proposals pertaining to creative businesses and innovation research this year⁴⁶. Moreover, the to be launched Creative Industries Alliance will contain several pilot projects on creativity vouchers, some of which are targeted at enhancing the relationships between research and creative businesses.

At regional level, development agencies interested in strengthening such relations face similar challenges of increasing cross-departmental, technological and sectoral collaboration. Project CReATE, funded by the EC's Regions of Knowledge programme (FP7), brought together 4 European regions to develop ICT-oriented innovation strategies for the development of regional creative industries⁴⁷. Similar endeavours related to other technological sectors could potentially really transform how creative industries engage with emerging technologies in the future.

Creative Growth EU recommendations in relation to education, research and industry

We suggest the EU promotes a Triple-Helix sector development approach in relation to supporting cultural and creative industries:

- The next research framework programme should establish a specific strand to promote creativity.
- A quota should be considered to integrate creative SMEs in the ICT strand of the research programme (and specifically the Networked Electronic Media Initiatives)
- Initiate an awareness raising campaign regarding creative cross sector collaborations at EU level

General TWG recommendations – education, research, industry relations

- Favour the development of management skills among CCI students
- Favour the collaboration of creative industry players in higher education
- Promote better connections and collaborations between research and business
- Promote creative capacity transfers to traditional businesses
- Encourage innovation policy makers to be more open to creativity and more interdisciplinary

⁴⁵ page 12. *ibid*

⁴⁶ Expressed during a phone call with a policy officer of the Science and Society Strand of FP7

⁴⁷ The "joint research agenda" developed by CReATE, which identifies future trends and decisive technologies in relation to the future development of creative industries, can be accessed here: www.lets-create.eu

Case Study: Edinburgh Skillset Screen & Media Academy Hub (ESSAMA)

ESSAMA has been selected as a case study as the academy illustrates how industry practitioners and creative collaborations beyond an education institution's organisational boundaries can add great value to the training provided to students that aspire to work in cultural and creative industries.

The sector focus of the academy is on film, video, television, radio and photography. It targets university students but also industry practitioners and thus tries to provide a blend of further training and higher education. Accordingly, the services that the academy provides are also geared towards integrating the practical perspective of the cultural and creative industries:

- Provision of education: BA & MA programmes + part-time and distance learning modes
- Connecting with industry: Professional practice development programmes are offered to students (networking with industry professionals, mentoring, work placements, masterclasses, etc.)
- Training for professionals from the CCI (including an EC/ MEDIA funded course)

In addition to this, ESSAMA seeks to network and reach beyond the academy's physical scope by organising "creative collaborations", a networking events that seeks to connect the school, its students, participants and staff to the creative community of Edinburgh and beyond.

Further information: <http://www.screenacademyscotland.ac.uk/>

3.3.4 Business Networks in Creative Industries

Creative businesses are people driven and thrive on communication and the exchange and joint development of ideas. The fourth Thematic Working Group examined the role of networks in creative industries development. Networks, it established, have similar functions as clusters in that they facilitate communication and collaboration between diverse players of an industry. However, in creative industries networks are people rather than business centred and can operate across space due to digital technology. As creative production and distribution increasingly rely on information and communication technologies and creative professionals all over the world participate in joint projects, networking becomes an integral part of the creative value chain. Finally, it can be supported through face-to-face events as well as through online activities.

The partnership identified a range of good practices in relation to networking but also established that the concept has not yet been fully recognised by policy makers at regional or European level. Whereas regions as well as the European Commission have long elaborated cluster development strategies – which admittedly to some extent overlap with strategies required for networking – they all too often miss out on developing people-centred strategies for networking which would be complementary.

Creative Growth EC recommendations in relation to networks

Creative Growth recommends that the EU tries to promote more people-centred approaches to networking and clustering in CCIs:

- The European Creative Industries Alliance's pilot project on cluster support should add a people-centred networking dimension to its endeavours.
- Encourage further roll-out of broadband as planned in the Digital Agenda and support intermediaries that facilitate networking in creative sectors.
- Continue to support interregional cooperation projects that focus on creative industries to enable all EU regions to benefit from similar experience exchange as Creative Growth.

General TWG recommendations in relation to networks

- Support networks and the intermediaries that maintain them
- Invest into infrastructure such as broadband
- Acknowledge and promote the value of people-centred networking
- Promote networking capabilities between cities and regions

CASE STUDY: MOTIVA

MOTIVA is a network of graphic arts professionals, academics and students based in Asturias. Growing from a department of the School of Art in Oviedo, it is now supported by public and private funds, including the local Regional Development Agency and the Ministry of Education and Culture. As well as providing training in graphic arts, the network seeks to motivate business and to encourage public interest in, and appetite for, good graphic design. It also takes a role in influencing regional government policy. MOTIVA has been instrumental in establishing a strong reputation for the region, leading to its national recognition as a professional centre for graphic design.

Annual events include conferences, exhibitions, seminars and workshops, and a series of awards. In addition to promoting good practice in design, MOTIVA takes a strong role in developing well-rounded professionals; it does so through delivering courses and workshops on marketing, advertising, philosophy, ecology, sociology, and so forth. This ensures that professionals are able to locate their creative practice within cultural and professional contexts.

MOTIVA network members share management and organisational responsibilities. Financial sponsors monitor the activities they support, and network members evaluate courses and events both quantitatively (numbers of attendees) and qualitatively (attendees work and outputs).

MOTIVA provides an excellent example of the strength of well-focused networking. Over its thirteen-year lifespan, it has sought to promote and add value to design, building a design culture in Asturias that previously did not exist.

Further information: <http://www.motiva2011.org/>

3.3.5 *The Creative Growth Pilot Projects*

In parallel to the thematic working groups Creative Growth initiated four small pilot projects to test new approaches to cultural and creative industries development and to share related experiences with all project partners and further decision makers in each participant region.

CREATER

Pilot project CREATER was implemented by project partner Aster in the Emilia-Romagna region. Its objective was to provide incubation and business advisory services to new creative sector companies in the region, recognising that such companies often are not aware of existing general business support programmes and/ or require specially-tailored support. This was done by adapting an existing incubation programme from the technology and innovation field (“We Tech Off”) to the requirements of creative businesses. By providing assistance to a selection of 9 creative sector companies in the region (mainly media production and digital media services) a “support path” that addressed company needs at different stages of their development was developed. The support path included business advisory services, business management training, on-demand business consultancy services and networking services.

Music Industry Training Workshops for Business Advisors

This pilot project was implemented by Edinburgh Napier University with a view to increase creative industry business advisors’ knowledge of the music industry and to thereby provide better business support to music businesses and musicians in Scotland. Napier worked with two dedicated creative support organisations on improving their music industry expertise. Following a needs analysis four training modules were developed:

- Harnessing the Live Music Scene to Career Development
- Do-It-Yourself Record Labels: Money for Nothing or a Labour of Love
- Making Music, Managing Rights
- Digital Distribution and New Business Models

The modules provide business advisors with a much deeper understanding of the contemporary business challenges of the music industry and enable them to advise musicians on essential questions of career and business development. Where needed, business advisors should also be equipped to refer their clients to further points of contact.

An internal evaluation showed that the scheme was very appreciated and that demand for similar “train-the-trainer/ advisor” modules in relation to other creative sub-sectors (photography, journalism, etc.) exists. Learning materials were developed and can be requested from Napier University.

Creative Growth Moving Offices

Run by Spinderihallerne – Centre for Culture and Business – the pilot sought to address the challenge that many creative entrepreneurs find it difficult to access foreign markets (due to their size and lack of networks, etc.). Entrepreneurs from different Creative Growth participant regions swapped their offices in incubators for a limited time and were guided in this process by the participating support organisations. This enabled the entrepreneurs to experience new market

opportunities (and challenges) first hand and to widen their international network. It also enabled the support organisations to understand how other incubation facilities operate and led to a mapping of European incubation spaces dedicated to creative growth.

Asturian Creative Office

The pilot was run by CEEI Asturias, the European Business and Innovation Centre in Asturias. CEEI recognised the need for a dedicated support organisation for creative industries in the region given that existing support structures did not understand and/ or cater for the needs of creative sector companies despite the fact that the sector is of growing importance to the regional economy. By mapping the support needs and organising meetings and workshops with cultural and creative stakeholders CEEI raised awareness of the issue and created “stakeholder buy-in”. It proposed a model for a dedicated Creative Office and conducted a validation workshop to prepare implementation.

The experiences from each of these pilots were shared among the wider circle of Creative Growth participants and resulting materials/ information can be obtained from each pilot project leader.

Further general EU recommendations

The project consortium developed a number of general recommendations for EU policy makers, which partly emerged as lessons learned from the above pilot projects and are further outlined and explained in more detail in section 4:

- Adapt existing business support schemes to the realities of the creative economy
- Network dedicated creative industries support offices across borders
- Ensure that the creative industries remain a priority sector after 2013
- Encourage creative experimentation with new, flexible, support schemes
- Establish a mobility scheme for artists and creative sector professionals

4. Conclusions and Policy Recommendations

“Creative policy making to grow Europe’s creative industries and re-ignite competitiveness and innovation”

As the project nears its end Europe is going through another cycle of economic and social upheaval. While the current focus of European policy makers rightly rests on monetary policy reform the European Union is also in the midst of rolling out EU2020 – its growth strategy for the next decade. Putting creativity at the core of this strategy will be vital to Europe’s long-term renewal.

By making the European Creative Industries Alliance a core component of the Innovation Union⁴⁸ the European Commission reconfirms its commitment to the future of Europe’s creative industries. The potential integration of the MEDIA Programme and the Culture Programme into a new programme, “Creative Europe”⁴⁹, may also lead to a more joined up approach to supporting creative industries from DG Education and Culture. The Commission hence recognises that creativity lies at the heart of smart, sustainable and inclusive growth and understands that artists as well as creative professionals can significantly contribute to the future development of a competitive and innovative Union. The EC’s Agenda for culture in a globalising world⁵⁰, which promotes international principles put forward in the UNESCO declaration on cultural diversity⁵¹, furthermore highlights that a balance between the promotion of market forces and the protection of cultural diversity is needed to best nurture Europe’s creative potential.

Creative Growth’s EU policy recommendations cut across these underlying principles, which are also enshrined in articles 26 (2) – establishment of the single market – and 167 (2) – promotion of cultural diversity – of the Lisbon Treaty⁵². The consortium’s following recommendations in 4.2 are based on key observations that emerged during the course of the project and are included below. In section 4.3 we provide a summary of recommendations to regions that want to develop their cultural and creative industries.

4.1 Creative Growth Observations

If Europe wants to retain its global competitiveness and out-innovate competition in North America and Asia it has to remain the creative hub of the world. Europe has a long and celebrated cultural history and attracts talents from all over the world that are inspired by our cultural diversity, our strong education systems and our comparably cohesive and mobile societies. This is a major asset. If the EU wants to continue to set global standards in design, literature, film, media, music, architecture, fashion, games and digital media – to name but a few – its artists, cultural institutions and creative professions need to be adequately promoted and protected.

The nature of innovation is changing. A “Creative Turn” in western economies – and in society in general – increases the importance of creative skills and creative capacities. Industry as well as policy makers need to put more emphasis on promoting creativity in schools, in higher education, in

⁴⁸ ibid

⁴⁹ ibid

⁵⁰ COM (2007) 242 final. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 10 May 2007 on a European agenda for culture in a globalizing world

⁵¹ Available here: unesdoc.unesco.org/images/0012/001271/127160m.pdf (August 2011)

⁵² Treaty on the functioning of the European Union OJ C115, 9.5.2008

research and in business if they want to benefit from this change. The creative industries and the arts play a crucial role in this transition and make society more prone to innovate successfully.

As the world becomes more networked and mobile **there is a need for more interdisciplinary approaches** in all domains of society in order to master the challenges of the future (economic recession, climate change, demographic change, energy efficiency, etc.). What is required is to do away with “silo thinking” in government, public administration, the education and research sectors and in business. By promoting spill over effects from the cultural and creative industries to other sectors innovation can be unleashed. This is especially the case for the links between digital technology and cultural creation, where Europe lacks behind the US and several Asian countries in marrying these two distinct worlds in order to create globally successful applications and brands.

Creative dynamics have a strong local dimension. While some cultural and creative goods circulate around the world, the acts of creation and cultural consumption often remain distinct for a certain city, region or country. Similarly to how innovation is often best nurtured in a decentralised fashion creative clusters can therefore often be best supported by local and regional bodies. The EU should therefore continue its strong partnership with EU regions and cities to better promote creative growth.

Creative growth requires creative policy making. Policy makers at regional, national and European level should experiment more and also support experimentation. Innovation trajectories are difficult to predict in networked and rapidly evolving societies. Innovation policy should therefore use more light-touch approaches to “nudge” innovation, put more efforts into measuring how innovation comes about and then quickly disseminate results on a wide scale so that all can benefit.

Creativity and creation, as well as investments into both, need to be rewarded. As digital technology is having a major impact on how cultural goods are produced, distributed and consumed new business models to enable fair remuneration have to be established and respected. Copyright and neighbouring rights are essential to a market-based system of creativity and creation.

Creative SMEs are the backbone of the Innovation Union. The large majority of creative enterprises in Europe are SMEs. They often generate the ideas, services and products that larger firms subsequently exploit. As most innovation and company support schemes don't cater for the needs of SMEs more efforts are required to promote creative SMEs and micro companies.

We have ample evidence of the relevance of creativity and the cultural and creative industries. Let's focus on how to best promote them. While continuous evaluation of the sector's development is of course needed governments and public administrations have to now focus on how to best support creative businesses in order to enable them to deliver public value (jobs, company growth, spill-over effects on other businesses, etc.). There has so far been too little thinking on how public policies and support schemes need to be adjusted or invented to better promote creative growth.

4.2 Recommendations to EU Policy Makers

Creative policy making is needed to grow Europe's creative industries and re-ignite competitiveness and innovation. The following first outlines these recommendations according to the main themes of the project and then adds further recommendations.

1. *Promote greater investments and investment readiness in creative industries*

- The EU should support intermediaries that run investment readiness programmes for creative sector companies and investors and try to facilitate networking between both. This includes business start-up and business planning support for companies as well as experience exchange between regional and local organisations interested in providing such support. Such schemes could be supported through the CIP, ESF, INTERREG as well as through the Lifelong Learning Programme.
- Increase EU investments into creative industries. The European Commission should set up a new Creative Industries Investment Fund (which should also provide venture capital). It should also work closely with the European Investment Bank and the European Investment Fund to put more resources into co-financing creative industry investments and venture capital funds at national and regional levels (through JEREMIE and JASMINE - two EU investment vehicles). Finally, the European institutions should consider making the creative industries a test case for developing and implementing new micro-finance and –credit schemes. The Progress Micro-Finance scheme should open up to more creative businesses (involves loans under € 25 000). The European Creative Industries Alliance's access to finance project should consider these propositions.
- Promote the establishment of creative industry guarantee funds and guarantee systems: Similar to how it does in the film sector with its new MEDIA guarantee fund, the European Commission should consider setting up a guarantee fund for all cultural and creative industries in order to reduce and cover investment risks in the sector. It should also promote the establishment of such funds in EU Member States and regions and study how existing guarantee funds that are not yet targeting the cultural and creative industries would have to adapt their regulations to allow them to do so.
- Create framework conditions that are investor-friendly. This would, on the one hand, include the establishment and maintenance of a sound regulatory framework that rewards investments into creative industries (reform of the copyright enforcement directive, the clearing of tax-breaks for creative industry investments through the EC (DG Competition), the establishment of a favourable VAT-system for the cultural industries, etc.). On the other hand, it would entail that the EU celebrates and promotes its creative industries as a high growth sector and thereby communicates to investors that the cultural and creative industries are considered serious business in Europe.

2. *Support and provide assistance to incubators and related services for creative industries*

- As more and more creative incubators, co-working spaces and fab-labs emerge across Europe and the share of independent creative professions increases there is a strong need to better understand how such spaces and related services work and how they can be better supported. The European Commission, DG Enterprise and Industry, should commission a study into the relevance of incubators, co-working spaces and fab-labs and related policy support instruments.

- As part of an FP7/ FP8 project the key performance indicators for incubators, developed in the Creative Growth project, should be further assessed, developed and tested. Such project should also look into best practices and knowledge that these spaces could exchange on a pan-European basis. Establishing a Network of Excellence project (NoE – a specific project format under FP7) in this context might be beneficial.
- Regional projects that receive structural funding (ERDF/ ESF) to establish incubation or co-working spaces should be mandated to also develop a plan in relation to the support services that will be offered to potential clients/ tenants. An interregional cooperation project that specifically focuses on these kinds of spaces and related local policy making might be able to establish relevant guidelines.
- Furthermore, the Commission – possibly DG Culture and Education – could look into supporting the establishment of an international network of incubators, similar to the European Creative Business Network⁵³.

3. *Facilitate **Better Education, Research and Industry Relations** (Triple Helix Approach) in Creative Industries*

- Promote innovation in creative industries as well as elsewhere by encouraging greater collaboration between creative sector companies, education and the research community. Similarly to other domains research is also becoming more collaborative and “design-led”. By integrating creative SMEs into diverse research activities outputs can become more market oriented. Conversely, many creative sector companies require the expertise of the research community to develop new models of creation and distribution. At EU level, the next research framework programme should take this into account and establish a specific strand to promote creativity. Similarly, a quota should be considered to integrate creative SMEs in the ICT strand of the research programme – the sub-category “Networked Electronic Media” has long been a domain where few creative content companies participate but which has great potential to also experiment with new business models and technologies in relation to creative content.
- Students and professionals in the cultural and creative industries should be supported in further developing their business skills. Furthermore, higher education programmes related to creative professions should be more work oriented. This can be achieved by integrating creative industry professionals into the curriculum (guest lectures, etc.) and by promoting collaborations between business courses and creative disciplines. At EU level, such experiments can only be partly supported given that higher education remains the responsibility of Member States - with resources from INTERREG (i.e. development of a pilot Masters courses, networking of different HEI initiatives across borders, etc.), FP7 or ESF.
- Last but not least, the EU should promote general knowledge exchange between the research community and the cultural and creative industries. Through awareness raising campaigns at EU level and specialised networking events at local level research institutions can be introduced to the potentials of more collaboration with creative businesses and vice-versa.

⁵³ <http://ecbnetwork.eu/>

4. *Support **the networking capacities** of creative sector companies and professionals*

- As part of the Creative Industries Alliance DG Enterprise is launching a creative cluster pilot initiative, which will examine how cluster development strategies need to be adapted to the needs of creative enterprises. In this context, it is important that the Commission also promotes a people-centred approach as part of this project. It should examine whether creative people require different kinds of support for networking. It could to some extent draw upon the findings of Creative Growth in this respect, which are further outlined in thematic working group report 4.
- Initiate research into the networking requirements and characteristics of creative industries compared to other industries to understand how the fragmented business sector can better operate across borders and/ or in a joined up approach by increasing its networking capacities. At EU level, an FP7 Network of Excellence on creative industries development should be set up which could also look into this issue.
- Invest in networking infrastructure as well as in the soft factors required to link-up different stakeholders of the creative ecosystem. This, on the one side, requires the EU to continue its efforts in facilitating broadband roll-out and the proliferation of diverse online services, as outlined in the Digital Agenda for Europe⁵⁴. It also requires the investment into adequate meeting and networking spaces for the creative class via the structural funds. On the other hand, intermediaries should be supported in facilitating networking between creative stakeholders and related costs should be partly supported through the EU (Interreg, ESF, etc.).
- Finally, interregional cooperation across borders in order to facilitate experience exchange on how to better grow and develop creative industries should continue to be supported. There are approximately 350 regions in Europe and only few of them have benefited from similar projects such as Creative Growth. The new structural funding period should therefore continue to invest into similar networking and experience exchange projects.

5. *Adapt existing business support schemes to the realities of the creative economy*

- Creative skills and capacities have increasing relevance for diverse industries yet the traditional business support and advisory schemes run by many public bodies and other intermediaries across the EU and its regions are too often focussed on traditional “bricks and mortar” business practices. Next to initiating dedicated support programmes for creative industries – as outlined in many of the sections above – the European Union should put in place an innovation programme aimed at reforming many of the general business support services that exist today. By providing workshops for these organisations as well as by offering them training and advisory materials the EU could help to increase the creative capacities of their clients. The many pilot contents and formats that were developed as part of numerous creativity-focussed INTERREG projects could be a good initial inspiration to do so. In fact, the INTERREG secretariats would be well advised to pool all project outcomes in relation to creative industries in one virtual place and make them publicly available.

⁵⁴ Action 42 of the Digital Agenda. See: http://ec.europa.eu/information_society/digital-agenda/index_en.htm (August 2011)

6. *Network dedicated creative industries support offices across borders*

- Similarly to Aster in the Emilia Romagna region there are many regions and cities, which have in the past years established dedicated and specialised support offices in order to strengthen local cultural and creative industries development. As part of its Open Days initiative in Brussels or as part of the next cultural sector conference which is usually run by the country holding the EU presidency an attempt could be made to establish a formal network of all these dedicated creative industries offices. The network could give specialist advice to governments as regards local and regional cultural and creative industries development and exchange best practice as to how to set up and develop services to better support creative industries.

7. *Ensure that the creative industries remain a priority sector after 2013*

- After the initial success of launching the European Creative Industries Alliance through DG Enterprise, a DG that previously has not had the cultural and creative industries on its strategic agenda, the Commission must do all it can to ensure that the creative industries remain a priority sector after 2013. A formal working group should be established between DG Culture and Education, DG Enterprise, DG Information Society, DG Regio and others to achieve this. This group should have as its objective to mainstream creative industries relevant policy in all relevant Commission services. The reform of EU research policy as EU regional policy should be a priority. In addition to this, the group should ensure that the interests and needs of the cultural and creative industries are included in any resulting actions of EU2020 and its flagship initiatives, especially the Digital Agenda and the Innovation Union.

8. *Encourage creative experimentation with new, flexible, support schemes*

- The future Creative Europe programme of DG Education and Culture as well as the future research and innovation programmes should put aside a share of their funds to “nudge” creative collaborations and support unforeseen experimental projects. The focus should rest on supporting projects that seek to proof a certain creative business concepts. Evaluation of the projects should be mandatory and the results should be made publicly available⁵⁵.

9. *Establish a mobility scheme for artists and cultural and creative industries professionals*

- Given that Europe’s creative industries remain fragmented and that many creative businesses would benefit from offering their products and services in other regions and countries the Commission should consider to establish a mobility scheme for artists and creative sector professionals. Such scheme would enable creatives to operate in a different Member State for a certain period of time. It could cover travel and living expenses and cooperate with different cultural and creative institutions, which could facilitate such programme. Importantly, not only the established cultural institutions should be able to play a partnering role. Creative professionals that wish to work in a foreign co-working space or incubation space – and hence these spaces – should also feature as an option.

⁵⁵ As previously mentioned, the experimental strategy of NESTA could serve as inspiration in this context: www.nesta.org.uk

4.2 Suggestions for CCI Development in EU Regions and Cities

It is out of the scope of this report to present detailed suggestions of what should be done at regional and local levels to better promote the cultural and creative industries in Europe. The situation in each city and region is different and there exists no single blueprint for unleashing the potential of the CCIs in different regions⁵⁶.

Nevertheless, the project partners feel that certain observations made during the course of Creative Growth may be of interest to other regional and local stakeholders. These are briefly summarised below.

A. *A regional/ local strategy for CCIs should be tailor-made and evidence based*

- Each city or region has its own development needs and its own particular profile in relation to cultural and creative industries. While a statistical analysis of the economic contributions of CCIs is not always required to kick-start an initiative there is certainly the need to understand the specific needs and opportunities of the CCIs in each region/ city. Conducting a research project in this context is a good starting point and will deliver the evidence needed to convince policy makers, the media and the general public.

A CCI development plan, which has been endorsed by the local administrations, should follow suit: Who does what, when and with which resources.

B. *Encourage Participation and Stakeholder “Buy-In”*

- Regional/ local development bodies or governments should at an early stage involve different creative stakeholders into the planning process. This can be done by establishing a steering group, which would be made up of creative sector business representatives, cultural institutions as well as academic experts. Consulting such steering group along the way will help governments and other intermediaries to develop solutions that match the requirements of the sector.

C. *Promote Interdisciplinary Policy Making*

- The public body responsible for cultural and creative industries development should ensure that colleagues from the fields of research policy, education policy, SME support, urban or rural development policy and innovation policy – to name but a few – are informed about and possibly involved in the development of a creative industries strategy. This will ensure that the sector gets the support it needs to really flourish.

⁵⁶ In general, regions and cities interested in developing a CII development strategy are well advised to examine: 1. The recommendations in the EC study on the contribution of culture to regional development: <http://ow.ly/6hxDd>. 2. The many responses of diverse cities and regions to the EC Green Paper on Cultural and Creative Industries may serve as inspiration in relation to practical support projects: <http://ow.ly/6hxKn>. 3. The currently unfolding European Creative Industries Alliance is looking into new innovative support schemes for the CCIs: <http://ow.ly/6hxPP>

D. Communication and Leadership are Key to Success

- Implementing a creative industries strategy should be accompanied by a clear communications campaign that tries to illustrate to policy makers, the business community and the general public why creative industries matter. Furthermore, support from key decision makers of the public sector and in government is needed to really efficiently implement the strategy.

E. Don't forget the Arts and Cultural Institutions

- Publicly funded cultural activities and institutions are as much part of the creative ecosystem of a city or a region as creative enterprises. To develop a comprehensive cultural and creative industries strategy representatives from these spheres should also be addressed and taken into account.

F. Hard and Soft Investments are Needed to Kick-Start CCI Development

- Investments into buildings, technical infrastructure and equipment are often necessary to provide the basis on which a creative sub-sector can thrive. However, the provision of soft investments into education, further training, awareness raising and networking (to name but a few) are as important. Strategic cultural and creative industries investment takes account of both sides.

G. Link up to National and International Initiatives:

- The reach and market of your local businesses can be extended if you cooperate with other intermediary institutions across borders and administrative levels. Furthermore: convincing your local stakeholders will be more easy if you have benchmarked initiatives at national and European level as well as in other regions and cities across the world. The trend towards focussing on cultural and creative industries is not just happening in your region. Learn and be inspired by what is happening elsewhere.

H. Promote Flexibility and Openness in the Support Structure:

- Once you have convinced colleagues in the fields of innovation policy and enterprise policy that the cultural and creative sectors should be a priority sector the real task lies ahead. Existing funding programmes that have so far not benefited cultural sector businesses should open up and embrace CCIs. Furthermore, the development of new, more light-touch and experimental support mechanisms, such as creativity vouchers, should be encouraged.

APPENDICES

- Creative Growth Mapping report – available for download on www.creative-growth.eu
- Creative Growth Thematic Working Group reports – available for download on www.creative-growth.eu
- Creative Growth Pilot reports - available for download on www.creative-growth.eu