

# FIN-URB-ACT Thematic Paper



Access to finance for SMEs - Specific approach for the modernisation of shops and crafts in cities



## **Access to finance for SMEs - Specific approach for the modernisation of shops and crafts in cities**

The main topic of the work meeting in Gijon was the revitalisation of shops and crafts sector in cities. Shops and single retailers can be considered as one of biggest sectors in urban economy and need to be recognised as enterprises. They are directly involved in urban economy within the interaction to people. The shape and the presence of this kind of SME have an enormous impact on the citizen's life quality. However, due to various reasons, like the development of hypermarkets that have been erected outside the city centre, a lack of proper space for commercial activities or simply bad parking conditions, commercial and trade activities have been relocated and cities centres suffering from a lack of supply possibilities. In order to tackle these developments and to modernise and foster the shops and crafts in the city centres three things are mainly needed: 1. Access to market. 2. Access to knowledge. 3. Access to finance. The following paper should reflect and summarise the role cities can take in this process. There is the possibility of a one to one approach or a collective one, a one to many approach, by setting up forms of cooperation among businesses, like shop associations. This form of cooperation can ease the interaction between the city and the single stakeholders. Following, strategies for boosting the trade and commercial sector on national, regional and local level in Gijón will be introduced, as well as different cooperation possibilities for cities and the respective stakeholders.

The division of responsibilities between the different institutional levels (National, Regional and Local levels) in Spain are quite complex. All of them have, to some extent, responsibilities regarding Trade and Commerce, so the cooperation is a major need. Local policies consist basically on business support and assistance, while Regional responsibilities focus on market regulation; National policies play a key role on funding.

### **National Level:**

*Presentation is still needed by Carlos Castaño Martin*

The first part of the presentation by the representative of the Spanish Ministry for Commerce representative highlighted how important the Trade sector is in Spanish economy. Almost 10% of the employment is generated within this sector. The Gross Added Value of the Trade Sector was last year 15.4%. It is also important to stress that, while the productivity of the Trade sector overall is 26.50€/working hour, the productivity of single and small retailers is only 13.20€/working hour. This proves that it is necessary to take measures in order to support retailers' improvement on competitiveness.

To achieve this goal, the Spanish Ministry has approved the **Plan for Improvement of Trade Productivity and Competitiveness 2009-2012**. This Plan consists of 5 programs: 1. Development of urban trade; 2. Improvement of rural trade; 3. Promotion of Business Cooperation; 4. Assuring quality and safety in shop, and tackling Generation Change; 5. Information and Training. The 2010 budget of the Spanish Ministry for this Plan is 8.000.000 €. Moreover, the Regional Governments are committed to contribute with an additional 12.000.000€ amount. Thus, there is a total amount of 20.000.000€ to implements the programs above mentioned.

Regarding 1<sup>st</sup> program, "Development of Urban Trade", the Spanish Ministry will co-fund actions aimed at:

- Modernization of municipal markets: Construction, expansion or upgrading of buildings or commercial facilities; Provision of general installations or commercial equipment; Upgrading

of municipal market shops; Acquisition of specialized computer equipment; and Projects and Technical Studies.

- Promotion of *Open Shopping centres*, through: Drafting Plans or studies; Conversion of commercial areas in pedestrian areas; Equipment and modernization of urban furniture; Modernisation of business shops; Implementation of customer loyalty systems; Enhancing management units; and Promotion, consolidation and improvement of the Open Shopping Centre
- Pedestrianization of commercial areas: Not only this, but also action for improving the accessibility of shopping streets; for improving urban furniture and equipment; for implementation of customer loyalty systems; for establishing or strengthening management units; and for subsidising some operating costs of the commercial area.
- Upgrade of spaces for peddling and flea markets.

Regarding 2<sup>nd</sup> program, “Improvement of Rural Trade”, the Spanish Ministry will co-fund actions to enhance commercial capacity of town and villages with new premises or new areas for peddling.

Regarding 3<sup>rd</sup> program, “Promotion of Business Cooperation”, the Spanish Ministry will co-fund actions aimed at improving small businesses competitiveness by strengthening the trade associations in the following areas:

- Creation of purchase centres.
- Constitution of common trademarks or logos.
- Implementation of computer networks
- Access to new technologies
- Development of logistics networks
- Staff training
- Advocacy and membership recruitment

Regarding 4<sup>th</sup> program, “Assuring quality and safety in shop, and tackling Generation Change”, the Spanish Ministry will co-fund action to enhance:

- Certification of Quality on the services provided by the retailers, according to ISO standards and rules.
- Use of Information and Communication Technologies (ICT).
- Security of the shops, to prevent not only theft, but also the sale of fake products.
- Generation change, thus helping younger generation to take on business left by elder, retired generations.

And finally, regarding 5<sup>th</sup> program “Information and Training”, it has been stressed the importance of the so-called “Prices Watch”, an Institution which promotes price transparency and rationality to the food prices fixation process, in benefit of producers and consumers. This Institution acts as a body of consultation and communication between the Administration and representatives from industry to monitor the market situation, market trends, evolution of supply and demand, and profit margins of the different economic agents involved in the fixation of prices (further information: [www.observatorioprecios.es](http://www.observatorioprecios.es)).

Another tool, apart of the Plan mentioned above, is the Spanish **Financing Fund to Support Trade**. This fund is managed by the Spanish Official Credit Institution (ICO). 14.700.000€ in form of low interest loans are allocated in 2010 budget at disposal of cities, SMEs Associations, Chambers of Commerce y SME of the Trade sector to implement actions aimed at: consolidation of Open Commercial Centres; refurbishment of municipal retail markets; upgrade of local premises in rural areas for commercial activities; and upgrade of spaces for peddling.

Finally, the Ministry organises the National Trade Awards. There have been annual calls since 1997 in three categories: City Councils; Retailers; and Open Shopping Centres.

## Regional Level:

The development of the small shops and business in the trade and crafts sector in Asturias was varied within the last decades as it was the case in many other European Cities. Prior to 1970s the sector was characterised by traditional smallholder shops and popular stores. Since the opening of the first hypermarket in the 70s the situation has changed step by step. In the first years there was a coexistence led to a proceeding settlement of big retailers and hypermarkets within the few last decades. This led to a necessary modernisation of the small and medium sized shops. Within the past decade the development changed to big retail and leisure parks outside the city centre and to a specialization in the proximity retailing.

Thus the basic objectives of the policy by the Government of the Principality of Asturias with regard to trade were to reorganise and regulate commercial activities and to promote and to support urban commerce in order to raise the quality of life promoted by urban commerce. Following there is a catalogue of actions that have been undertaken:

By means of different decrees legislated in 2002 and 2005 sales organisation have been changed like regulation agreements for Sundays and bank holidays, retails trade sales period, registration of companies and commercial activities and an advisory council on trade was established. These Decrees regulate the trade opening hours (maximum: 72 hours per week, only on working days: from Monday to Saturday; the shopkeeper is free to organise the timetable, not exceeding the mentioned maximum). Businesses are allowed to open only 8 Sundays or holiday per year: these specific opening holiday are chosen by the traders by means of an agreement achieved by themselves within the regional Advisory Council on Trade. This agreement is further approved by the regional government. The same procedure is applied for fixing discount-sales periods: the regional government approves the proposal made by the traders within the regional Advisory Council on Trade.

### *Aid to trade associations:*

Actions aimed at improving the competitive position of small shops by means of strengthening Commercial Associationis comprises the creation of purchase centres, the constitution of product or establishment frameworks, implementation of information networks, the development of storage and transport logistics network for partners.

### *Modernisation of municipal retail markets*

The modernisation and encouragement of urban commerce requires measures regarding municipal markets. Consumers maintain their trust in these markets to acquire fresh products as, in some villages or towns, they are the most important network of establishments for perishable foodstuffs, in this way revitalising the historic centres and, for which reason, actions like refurbishment, provision of general installations, adaption of the sales premises, acquisition of computer and technological equipment have been done to maintain them.

### *Open shopping centres*

These are urban areas grouped under one same image and management for different sized companies providing shops, leisure, restaurants, cultural and tourism activities within an urban environment traditionally maintaining a high density of both commercial and supplementary activities. Therefore different actions are necessary like the Preparation of plans and studies aimed at distributing sizes and their harmonisation, actions to provide and modernise street furniture, the inclusion or improvement of computer equipment, the implementation of customer loyalty encouragement systems and the creation and boost of management units.

### *Pedestrianisation of shopping areas*

There are existing commercial clusters in municipalities with varied typologies, not corresponding to the open shopping centre model but providing services regarding diversification of supply and notifying on the everyday requirements of resident population. Therefore actions like the Pedestrianisation of certain areas, the improvement of accessibility to commercial streets, the improvement of urban facilities and the development of loyalty encouragement systems and promotions have been done.

#### *Aid to the modernisation of small to medium-sized shops*

This means the renewal of the physical image of small to medium-sized shops, modernising them and making them more attractive and to improving of the quality of shops including both physical and functional elements.

#### *Plan for trade quality, innovation and excellence*

This action comprises the consolidation of the trade image by means of implementing a retail establishment quality brand. The standard includes a series of rules describing the structure and characteristics of the quality system. This improves and promotes competitiveness by including management tools. It should makes the sector more dynamic and implements the continuous improvement culture innovation and excellence

#### *Rural Trade Plan*

The rural trade plan is applied for traditional shops, either specialised or not, with a surface area of under 200m<sup>2</sup>, in combination with the commercial activity (hotel business, tourism...). They are located in population nuclei with fewer than 1000 inhabitants. It is justified to the dispersion of the Asturian population and the difficulties due to the orography of the territory. And it is aiming in maintaining the quality of life in rural areas. It acts as source of a permanent or temporary employment.

#### *Plan for access to new technologies*

The need for modern and professional trade implies the inclusion of new technologies in order to enable its management and everyday commercial activities. Thus the plan for access comprises the sensitisation of and information to this professional group, the establishment of a communications and dissemination plan, a portal as a meeting point, the preparation of disclosure and didactic materials, digital literacy training, technological counselling and aid for the acquisition of computer tools.

#### *Commercial information/ Training*

These activities comprise the training in commercial distribution structure and commercial characteristics, the Asturian Trade Study Seminar (SECA) and specific programmes together with regulated and continuous professional occupational training.

### **Local Level:**

The current measures on Trade implemented by the City of Gijon are defined under the private public agreement *GijonInnova*. This document mutually agreed and signed by the City Council, the Asturias Federation of Employers (FADE), the Trade Unions UGT and CC.OO which will promote employment, training and integration with investments of almost 450 million € (447.388.601 €). The plan is co-funded by Asturian Government, comprises five main axes of activities related to the promotion of Employment, Training, Information Society, Economic Promotion and Innovation and Axis 5 summarises actions on the support of Commerce and Tourism (23.601.762 € allocated in this budget line). Hereunder is placed the *Local Commerce Plan*, with the aim to increase the competitiveness of local traders (by e.g. promotion of technological modernisation, upgrading the quality of commercial management and revitalisation of crafts) and to consolidate the city of Gijon as a major centre for commerce in Asturias. Therefore, the main tool is the development of the *Local Plan for Trade Organisation* (PLOC – Gijón). The aim of this tool is to get an efficient commercial net, which is modern and competitive and can match the consumer's needs. In two phases, the city carried out a study on the demand and supply ratio and defined (based on the analysis) an action plan in commercial fostering but also integrated town planning and urban development activities.

On 15 December 2005 the *Sectoral Guidelines for Commercial Equipment* were ratified by the Asturian Government with the aim to organise the commercial spaces and satisfy consumers' shopping needs and to support urban and historical centres in cities and their commercial equipments. Thereof, the main guidelines were defined to draw up the Local Plan for Trade Organization. After a long discussion and agreement process between the regional and local government, the shopkeepers union and the chamber of commerce in 2007 a Monitoring Committee was set and the plan was carried out by an external organisation. In October 2009 PLOC-Gijon was ratified by the local- and in April 2010 by the regional government and is based now on eight sub-themes (a) location criteria in Gijon, b) urban development for commerce and shopping, c) monitoring the urban commercial mixing, d) innovation development, e) commerce and consumer services, f) commerce training and employment, g) business associations, h) tools to support commercial SMEs).

Following *PLOC – Gijon*, one of the core actions is the division of Gijon into 9 Urban Shopping Areas in order to consider the commercial activities according the regulations in town planning. Following suggestions were made about the commercial offers, where to open shopping centres, to increase the number of parking spaces and the establishment of a minimum ratio in commercial offers. Following partnership agreements between the municipality of Gijon and the shopkeepers union were made, in order to establish the method of an open shopping centre for Gijon as a whole and La Calzada, a suburb of Gijon (for further explanations see the following presentation of Carmen Moreno from the Shopkeepers Union), by a cooperative approach. The actions for the open shopping centre Gijon comprises common promotion activities like the introduction of a loyalty card for customers, ("Gijón as a whole present") the promotion of commercial supply through different accessories for sales and through ICT.

Following the first session some main messages came out so far:

1<sup>st</sup> Message:

It has been taken into consideration that shops and crafts are a very important dimension in the city to increase the life quality of the citizens.

2<sup>nd</sup> Message:

The city can play a role and they must play a role in implementing support structures for small shops and can take an important role in bringing together various stakeholders that are needed to increase sustainable trade and commercial activities within the city.

### 3<sup>rd</sup> Message:

There are some methodologies for to implement strategies that have been developed and applied in other cities. Thus, there is no need for inventing the wheel in a new way, it is more important to take all the experience that have been created somewhere else, in order to save expenses and to save time.

### 4<sup>th</sup> Message:

Reflected by the presentations before, the methodology is been implemented through partnerships. There are national partners, with all the administrative levels as they have a policy; there is also the regional level, with the respective policies as well, to support shops and crafts. Hence they can contribute to the necessary actions to have to be made.

It is also the necessity of local partnerships with the organisation of the shops and crafts (e.g. Shops association or the association of crafts). Thus it is necessary to organise partnerships on two levels: A: a partnership with another administrative levels and B: partnerships with the businesses themselves. The following presentations provide two examples on how to create those partnerships.

The first example on the creation, tasks and function of a local shops association was presented by Carmen Moreno Llaneza, Director of the shop keepers union in Gijon and her experience on how to organise a shop association which is a very important starting point.

The second example was presented by Christelle Adant from the Town Centre Management Association in Arlon (Belgium). Town Centre Management is one possible organisation and cooperation methodology that includes all important stakeholders from a city by forms of partnerships. This depicts a necessary prerequisite for a starting point for partnerships among the public local level and private actors involved in the trade and commercial activities in a city.

## **Collective Action in the Shop and Craft Sector – How to organise cooperation between businesses?**

### **Carmen Moreno Llaneza – Collective Actions in the Shops and Crafts Sector Example of the Gijon Shops Association**

In Gijon there are shopkeepers that are in place since 40 years now. In total the Union gathers 900 business people coming from the trading sector. The creation of the association was very long process that needed much patience.

#### *Why urban trade is needed?*

Urban trade is a domestic sector of the economy. It represents 10% of the gross domestic product and 19% of employment in Asturias. The shop sector is very referred to the city. As economic sector there are the same rules of competitiveness, innovation and in creating more wealth and employment. However, urban trade is different from other sectors as it is integrated in the city as a part of it. Urban trade is being affected by many factors that happen to the city. Urban trade serves

as a necessary close daily service to citizens and is consequently a precondition of creating a healthy sustainable city, increases the urban quality of life and upgrades the living conditions for the local people. Thus the policy on the development of local shop and trade sector affects in a direct way the people's everyday life. Hence the Gijón shop association works for the implementation of trade concepts that intends to be orientated to people and not only money orientated as it is the case with many big shopping centres and conveys the message of cooperation. The core message of the association is to build cooperation in order to address demands and targets to the respective entities and responsible bodies up to the regional and national government, as the weakness of the sole businesses is that they can not take on this task by themselves, as only the association has the overview on the entire trading sector in the city. It needs to be recognised that the city is in the shared responsibility also by business people. This was not an easy process to address this message to people that have lived for many years in a dictatorship. The message that was sent by the Gijón shopkeepers association was: "We are here, we are business people and we want to make money".

The objectives of the cooperation of Gijón shop association is to turn the city into a space for human relations, where urban trade provides attractive features and to create a city through smart town planning as attractive place for walking and shopping in feasible coexistence with the car. Additionally the aim must be to support the settlement of local businesses in the new built urban spaces, to provide joint means to collaborate on business growth and to achieve, that urban trade shows its presence in all local policies. Whereas, objectives in the cooperation to regional and national governments are to propose measures to assist in modernisation of businesses and to influence the legislation process in a way that urban trade is being regarded as essential sector in a sustainable city.

Employers sometimes consider the association's proposals as underserved by governments in comparison with other business sectors. Often they want to see their individual problems tackled as widespread and general sector issue, however sometimes they need confrontation to recognise that their interests needs be better protected. Focus should not only be put on selling issues but also on the surrounding environment. One main problem is also showing possibilities to influence their issues by cooperation with politicians (as they are not being regarded as trustful partners). On the other hand (this is not only the case with shop associations in Gijón) representative from the political level preserve cooperation as a retrenchment of their power and due to agreements with the ruling party other parties automatically consider it as a companion of its political opponent.

Hence, it is not enough to build an association and to launch a message and ideas; it has to be made into real by help of the local and regional governments (as they have the money to implement the projects). After years of hard negotiations with the government (15 years ago there were only agreements on marginal items like Christmas decoration) the cognition arose now that cooperation is possible and valuable. This led to the strategic plan of Gijón that was mutually elaborated by way of round tables and ideas of the association (representing the needs of the businesses) were adapted by the municipality which was a success.

The promotion program that is implemented now involves the concept of a Strip Mall located in a suburb of the city. The program includes promotion actions, public space organisation and a management for action development. Additionally a customer loyalty program is being implemented which comprises three fields of action: A loyalty card, paper and cloth bags for sales and promotion via communication technologies. The total budget that was allocated for the implementation of the program amounts 256.000 € which is funded by the regional and the local government.

*The concept of "La Calzada" Open Shopping Centre:*

A Strip Mall is an Open-Air Shopping Centre, as a means of promoting and managing a commercial area. It was established in a suburb of Gijon. This idea was implemented in many further Spanish cities mostly city centres or historical city centres. However, Gijon has a historical city centre with a low commercial density, but it's well done. Thus, the decision was taken to implement the concept in a suburban area in an industrial district, working/commuting area with a commercial density and hypermarkets no more than 100 m away. The total annual budget amounts 80.000 €. Out of the 100 shops in the area 60 are part of the concept. The concept of Open – Air Shopping involves several promotional and management programs like the environmental program for street cleaning, waste recycling, energy saving and replacement of plastic bags. Every two months there is a common promotion of the shops to encourage people to do their shopping in this area. The Management depends on the association's rules. The promotions are aimed only at associated entrepreneurs, funded by 32 € monthly fees and public subsidies. Additionally the associated businesses try to contact further social groups in the area to share solutions on urban planning, security and cleaning issues. The message to dwellers is: "We are our trade; we care about your neighbourhood." A further program that has been implemented is the customer loyalty card "GIJON TODO UN REGALO". Customers receive redeem points for discounts on the next purchase in the same shop by a particular card, that is the same one for all retailers. Currently over 3000 clients own this card. Last year, the total turnover reached an amount of 700.000 €. Promotion activities are carried out by two annually fairs for the sale of stocks to sell the season goods once the season has finished after the discount-sales period. The average profit obtained in the two annual fairs is 4,000 € per shop. In addition, information is being provided by guides, internet pages (also blogs, facebook, twitter) and public advertisement (e.g. on buses). In order to provide cost savings to the shops, the association signed particular agreements with companies which provide common useful services for shopkeepers (financial products, bags and promotional materials, Insurances, telecommunications, cash registers, scales and computers, printing, advice, privacy and prevention of occupational risks, advertising.) Due to these measures, annually cost savings up to 3.000 € in average can be achieved for every single shop.

### **Town Centre Management: Who needs to be involved?**

Ms Adant first explained the situation in Belgium followed by some own experience she gained as town centre manager in the Belgium city of Arlon (27.000 inhabitants) what kind of partnerships have been established and who is involved.

Taking care of the town centre is not only taking care of the shopping facilities it comprises much broader tasks to improve the living environment as the challenge for cities is twofold: attracting new inhabitants whose needs in terms of living environment can no longer be answered and developing a lasting form of economic activity. In order to rise to these challenges, town centres management implement active reinvestment policies allowing the reestablishment of favourable social and economic development environments and allow to managing urban space collectively. Town centre management (TCM) can be regarded as a tool to implement various actions that are foreseen in development plans, strategies and development programs which have been discussed, and created by public authorities. In order to start the work, a predefined action plan is the precondition as it is not the task of TCM to create such plans.

To improve the quality of the urban environment it needs the involvement of various private and public stakeholders (e.g. new build urban areas needs shops and restaurants, thus its not very useful if municipalities work alone). Thus, TCM gathers private and public stakeholders, whether from political, economic or social areas, around a common project, rises the multilateral dialogues foster forms of cooperation. TCM introduces a new process into the urban space and encourages actions that produce both direct and indirect impacts on the urban environment.

The concept of city management is based on partnerships between public and private stakeholders in order to build synergies between users and authorities in town centres by carrying out joint and coordinated actions. The partnership is not limited to local authorities and retailer associations. The approach is broader. It must be able to be open to further stakeholders such as public transport companies, property-owners, real-estate companies, anchor stores, car park administrators, cultural associations, schools, health services, local associations, neighbourhood committees, etc. The concept can work as the economic and political stakeholders share a common interest in the development of town centres. The private sector has plenty of reasons linked to its investments and the public sector aims to provide a viable and pleasant urban environment to as many people as possible. Associations also contribute in a valuable way as they add their own perspective, dynamic and an additional image to the partnership. There is a broad catalogue of potential stakeholders that needs to set cooperation individually adapted to each specific action that needs to be implemented. Thus TCM differs in each city. (for example in Belgium there are twelve different TCM approaches).

To apply the same approach of managing a shopping mall to a town centre, it must be taken into consideration that the concepts will be endowed and influenced by various additional factors like visitors, dwellers, proprietors, cars and workers which can benefit from this approach. In this respect both, public and private actors can derive advantages from a developed strategy implemented by town centre management. Customers seek a pleasant, safe and easily accessible town centre with a broad retail and service offers. Shopkeepers seek more customers, visitors want preserved heritage, cultural activities and events in the town centre and local authorities need a dynamic, viable, town centre to answer the inhabitant's and dwellers expectations. On the other hand property owners want to enhance the value of their buildings and can increase their rents.

#### *Case Study Arlon:*

The implementing teams are paid by the initially partnerships, but not the actions. For every actions that needs to be implemented a financing source has to be found, thus a proactive approach is necessary in order to gather the money for the implement the foreseen actions. Initially (in 1998) the TCM Association in the City of Arlon was merely cooperation between the local authorities on the public side and the shopkeepers association from the private side. Due to various huge shopping malls that have been erected outside the city centre, people were not any more attracted to use shopping possibilities in the city centre. Consequently more and more shops closed. In order to combat the increasing vacancies, the shops associations approached the city and proposed to cooperate for common revitalisation concept of the city centre. There was no real action plan in the beginning just the situation of big shopping malls outside the city (additionally the problem was, that many partners where not so active). Hence, more money and influence was required and therefore additional partners had to be activated. Today there are besides the shop keepers association also the private SME's association, industrial association and the retailer park association as private partners, and additionally the Intercommunale (a public enterprise/association in Belgium created by two or more municipalities in order to carry out public services). Of course the local authority contributed with much more money than the private partner (40.000 € for the action implementation in the case of Arlon came from the local authorities and 3.500 € from the shop keepers association). What needs to be in mind is that a city centre management association is not the city. It has to implement tasks by itself. Thus, there is no way in executing comprehensive urban transformation programs. It's rather the way of smaller steps. But this way can be more effective, as not every single decision has to pass long administrative burdens within the municipality. In Arlon TCM focuses on three field of action:

- Commercial development
- Living/shopping environment
- Communication

On the one side there are the TCM partners (this are the beformentioned private and public stakeholders like local authorities, shopkeepers association) and on the others side there are the action plan partners who receive the orders (among them there are individual shopkeepers, schools, proprietors, public transport, real-estate companies, museums, art schools, architect offices, design agencies etc.).

*Discussion and further questions on this session:*

In Belgium the Association for City Management is mostly applied in Brussels and in Wallonia. In the Flemish Part of the Country the concept of Business Improvement Districts is mainly applied (which means a higher financial involvement of the private sector, dwellers and proprietors).

TCM is not compulsory to all shops in a certain district. It is a partnership between the cities and stakeholders like the shop association (generally running costs are paid by the city (e.g. TCM Association in Arlon is paid by the City). The city defines the action plan that is going to be implemented with the shop associations and all other local stakeholders (as mentioned above).

However, BIDs strongly vary between different countries and even within a country. For example in Germany, each region (Bundesland) has its own criteria and law in the creation of BIDs. Usually, BIDs are composed by private partners. This can be shop owners from one street or from an entire neighbourhood (as it is the case e.g. in Hamburg). BIDs provide services, such as street cleaning, provision of security services, making capital improvements and marketing the area. The costs are jointly borne by the located shops paid through taxes.

**Drubigny:** *What kind of criteria is used to select and to compose shops so that a well balanced mix of shops in the city centres can be assured?*

**Adant:** TCM has to act proactive to develop a good mix of shops in the therefore the right place has to be found by the centre, TCM Association acts as a mediator in assistance to find right places for shops (contact between owners and businesses) management information on every street, on how many pedestrians, what kind of shops are already located there, furthermore laws have been set that restrict the settlement of particular shops in particular places (like night shops etc.) in the city centre. Strong communication work is been done.

**Moreno:** Tenant Law is very strict in regard of the market. The in-force Tenant Law is quite flexible on regulating the private relationship between the landlord and the shopkeeper, just the opposite of what was happening in Spain until the mid '80s, when the Tenant Law in force at that moment was strict indeed, thus causing severe malfunctions in the rental market. Therefore, current restrictions are not anymore based private Tenant Law, but based on Public Law rules regarding environment, urban planning, safety...) we have been in highly restricted environment, but no restriction for settlement of shops but security matters, and environmental matters urban development matters → new directive of

services which is regulation the trade in the territory -> now limits in square meters, shop window decoration,

**DV:** *What kind of financial instruments, who is involved profits?*

**Moreno:** There are special agreements in providing financial products with banks and for lowering maintenance costs. Since last year there are agreements with the banking sector which caused no restriction with credits despite the crisis that others sectors had. There are also agreements for insurance, cleaning services; security services every thing that business people always need (e.g. sales comparatives for particular group of people). There need to be advantage of joining the association for businesses.

**Adant:** *(to the same question, why stakeholders join your Association?)*

TCMA provides an important hum in the networking structure of Arlon for the local stakeholders linking them each other, provides location for people looking for space, (coop. proprietors – shop owners, shop owners – designers→ creating shop windows, publications good for designers get new clients, shop owners attract more people by providing more fashionable premises, Events are being created ...e.g. music academy program lunch time every Friday, music in the city

**Moreno:** There is the same fee for all companies, (small fee 34 € per month), no franchise companies or any big companies are involved.

**Fourquette:** It is not the question either to have a shop association or the TCMA. To build a shop association is a prerequisite. Later there is the possibility to organise cooperation through TCM. Cooperation can be made directly with the Municipality, but sometimes activities will be outsourced to an association in which there is the Municipality, the shop association and other stakeholders.

**Adant:** TCMA don't do the job of a shop association, TCMA is just a network/ platform to ensure that all stakeholders that are necessary to involve for the implementation of a strategy work in the same direction → discussion take place without competition

## Conclusions:

1) Why did FIN-URB-ACT decide to cover the subject of modernisation of shops and crafts in cities?

- because it directly concerns cities as it is related to one of the main services to residents,
- because it concerns small businesses: shops and crafts develop a **project** for a **profit** in a context of **risk**: these 3 factors characterise businesses, so there is no doubt that shops and crafts **are** businesses: this is more and more recognised by administrations (including the EC) but it still has to be emphasised in some countries.
- because it concerns access to finance as modernisation requires investments that need funding.

- 2) Which investments are concerned? Modernisation of shops and crafts mean investments in the businesses themselves (private sector) but also in public infrastructures, traffic reorganisation, parking spaces, security...(public sector) and it naturally leads to cooperation between public and private stakeholders.
- 3) It is one of the few examples of SME support with the one-to-many approach, which means possibilities of efficient procedures, savings on administrative costs and leveraged effect.
- 4) This approach requires specific procedures and specific organisations: a vast number of small businesses are involved and they need to be organised into one stakeholder – the local business association- that can be a valid partner for the Municipality.
- 5) Dialogue can and must be organised between the business community and the administration: for instance in Gijon there are examples in the design of the modernisation process or in the definition of the opening hours.
- 6) Support can be made available at all administrative levels: national, regional and local with access to structural funds: ERDF for material investments and ESF covering intellectual / training costs.
- 7) Cooperation between businesses is a prerequisite to implement efficient support: but the Managing Authorities did not expect this cooperation to happen spontaneously between small businesses, they took measures to encourage this cooperation with financial incentives.
- 8) There are methodologies to implement modernisation: these methodologies need to be discussed among all stakeholders to reach a valid and long lasting consensus. They also require efforts in communication to make them known and accepted by the partners.
- 9) All forms of retail trades and crafts are necessary and complementary:
  - big companies have a locomotive effect in attracting customers,
  - small ones bring diversity of products and services
  
  - market traders also have a strong power of attraction to customers that benefit all shops and they need to be present and organised in a way that they all can be profitable: this is the basis of the concept of town centre management (or in Spain open commercial centres)
- 10) There are various forms of organisation frameworks for the revitalisation of town centres:
  - cooperation between the local business association and the Municipality ( + possibly other interested stakeholders) under the umbrella of the Municipality: this is the most simple form,
  - the cooperation can be formalised into a specific organisation that takes the form of a town centre association where all stakeholders can be represented: this form of cooperation allows for a more flexible operation as it is not directly bound by heavy administrative procedures in force in public organisations such as a Municipality,
  - Town centre management is generally voluntary for participation businesses although it benefits all: in some cases, the participation in the business association is made compulsory for all businesses of the covered area. This association votes for the programme of actions to be implemented, and for the corresponding budget and thus the contributions of the members. These contributions represent a form of tax on the businesses and this configuration is call BID (for business improvement

district) with the advantage of the business association having a significant budget for actions.

## URBACT II

**URBACT** is a European exchange and learning programme promoting sustainable urban development.

It enables cities to work together to develop solutions to major urban challenges, reaffirming the key role they play in facing increasingly complex societal challenges. It helps them to develop pragmatic solutions that are new and sustainable, and that integrate economic, social and environmental dimensions. It enables cities to share good practices and lessons learned with all professionals involved in urban policy throughout Europe. URBACT is 181 cities, 29 countries, and 5,000 active participants

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