

FIN-URB-ACT

Thematic Paper XIV

Work Group Innovative and High – Tech Projects



FIN-URB-ACT work meeting
Gijon on 15/16 June 2010

Gijon Science and Technology Park (PCTG)

Background:

The current measures on SME support by the City of Gijon are running under the private public agreement *GijonInnova*. This document mutually agreed and signed by the City Council, the Asturian Federation of Employers (FADE), the Trade Unions UGT and CC.OO which will promote employment, training and integration with investments of almost 450 million €. The programme comprises five axes of activities. Axis 1 unifies measures for improvements in employment, Axis 2 training initiatives, Axis 3 activities to promote the information society, Axis 5 bundles activities on commerce and trade improvements and Axis 4 with the highest share of more than 340 Mio. € subsumes all support activities on economic promotion and innovation.

The so-called *GijonInnova* agreement is the last one in a series of agreements which are the main feature of Gijón's policy for Local Development: Every 4 years after the Local elections, the newly elected Mayor and Councillors sign an agreement with the main local social stakeholders: the most representative trade unions and the business association. This agreement contains the guidelines for the policies aimed at Economic Promotion and Employment for the coming 4 years. It's not literature, there are not abstract ideas or objectives to be achieved; there are specific measures to be undertaken, specific actions to be carried out, specific indicators and figures to be achieved... and there are specific budget lines allocated for the implementation on every action.

Science and Technology Park Gijón (PCTG)

One key instrument of the various initiatives is the "local plan on innovation" which comprises all activities for the development of the Science and Technology Park Gijón (PCTG). Among others, the most important activities therefore are the development of the infrastructure of the park (like the construction of new facilities to provide services to technology based companies). Currently the last enlargement phase is about to be finished. Moreover the promotion of alliances with further entities on strategic sectors and projects, as well as the creation of a local science consortium ("Mile of Knowledge") are part of the core projects.

The Gijon Science and Technology Park is closely located to the University Campus of Gijon almost 3 km outside the city centre. There are different settlement possibilities for start-up and innovative SMEs. On the one hand, the park offers rentable offices and laboratories in municipal owned buildings but also purchasable plots are available in order to erect own building (39 available plots –most of them have already been sold out-, size between 1050m² and 7135m²).

Besides upgrading the necessary infrastructure, a set of technological support programs have been established in order to create an innovative culture in Gijon by way of generating cooperation among diverse stakeholders. Therefore, an agreement with the University Institute of Industrial Technology of Asturias has been made in order to advice SME individually or collectively during conferences in technological matters. Moreover there are various initiatives to inform on European, national and regional technological programs, annual events, business meetings and seminars and particular networks like APTE (Association of Science and Technology Parks of Spain) or ASSTEL

in order to foster knowledge exchange and the establish of strategic alliances among universities, the Science and Technology Park and innovative businesses. The fields of expertise within PCTG are ICT and energy engines (renewable energy on wind and tide, environmental engineering and climate change). Thanks to the cooperation with the University, PCTG had been certified as a centre for international excellence and a laboratory have been established. One of the current running projects is the implementation of electric vehicles.

The Gijón Science and Technology Park is integrated to an overall ensemble or concept of innovative support facilities in the surrounding area of the park like educational facilities, laboratories, the hospital and the university campus. This consortium of institutions and entities is called the “**Mile of knowledge**”. This concept is aiming at integrating all local potential stakeholders by way of collaboration agreements in order to be adhered to common projects, pioneering initiatives and in order to facilitate access to EU, national and regional funding for research and to exchange and capitalise knowledge and experience. For its implementation a strategic plan was developed. Until now, more than 100 local stakeholders attend the mile concept. Besides the above mentioned, there are a range of enterprises, research groups, training and service centres (like the teachers of the engineering school) attending the idea. Many agreements are still informal but it needs to be enhanced to formalised cooperation agreements among all stakeholders. The main goal is to strategically transfer the achievements by the members within the network.

It is an important aspect to involve all potential entities under the umbrella of a common strategy targeted to support high tech SMEs. A cooperation is still informal, which can be a sign of confidence, that is needed.

Further key activities to support the innovative projects where PCTG is involved are:

- *Fostering entrepreneurial activities*
Naturally, also PCTG provides various services and is implementing measures in order to foster entrepreneurial activities. An interesting aspect is the early involvement of schools. Therefore PCTG organises an annually school competition which is open to all primary schools, secondary and baccalaureate training cycles with separate depending on the school age and educational level. In close cooperation with the Centre for Teachers and Resources, training programmes for teachers are being developed. School visits to the Municipal Business Centre and Science and Technology Park are being organised in order to bring the educational community in contact with companies and existing resources in business promotion and to raise pupil's awareness of activities carried out by the PCTG. In order to also promote entrepreneurial activities within the university the launch of a Chair of Entrepreneurship is being supported.
- *Business Innovative Workshops (TIE)*
As part of the offered services to entrepreneurs, PCTG provides customised advice on legal, fiscal and economic issues, basic business training courses for entrepreneurs, a business incubation facility is being provided and PCTG tries to assistance to reduce red tapes for the creation of companies by using online tools.
- *Consulting for Creation of Innovative Projects*
The CREA Project is a specialized consultancy for innovative projects, providing tutoring services during the launching and the first months of the business. By this, it will be possible to analyse the potential diagnosis of the project and have a consulting process tailored to the project and support during the fist months of operation. Particularly for SMEs that already passing the start-up phase, information and counselling services for young enterprises (also by already consolidated SME) are being provided.

FINANCIAL TOOLS

Microcredits

Microcredits are being provided by the city, no security is needed to receive the credit but a business plan is compulsory

Activities to support SMEs access to microcredits are undertaken on a step-by-step basis:

- 1st step: The City provides information on microcredits offered by several local banks and savings banks.
- 2nd step: Once the entrepreneurs have received relevant information, they can either decide by themselves, or ask the City for advice, in order to find out together which one of those microcredits is the most suitable to meet the entrepreneurs' needs.
- 3rd step: Once the decision has been taken, the entrepreneurs can ask the City for help on drafting documents to be submitted for microcredit application: a business plan is compulsory, as the entrepreneur has to prove the feasibility of his project; otherwise the microcredit will never be granted.
- 4th step: Finally, the entrepreneurs can ask the City to Issue a Report in favour of granting a microcredit, in case the City has signed a special agreement with the Bank. The City has so far signed an agreement with MicroBank (which is the Social Bank of "La Caixa" banking group. It is specialized on microloans not only for business, but also for families. "La Caixa" is the No. 1 Savings Bank of Spain). MicroBank has appointed the City as Social Welfare Institution. That means that, in case a starting-up company wants to apply for a micro loan, it will submit its application to the Municipality entity along with the required documentation. The City will review this documentation, will help the applicant to improve its application (if necessary by providing advice and consultancy) and then will forward the Bank this documentation along with a report in favour of granting the credit.

Further economic support Schemes for Innovative and non-innovative business creation: GRANTS AND INTEREST-FREE LOANS:

The City Council helps novice entrepreneurs not only with advice but also with funding: 400.000,00 € have been allocated by the City Council in 2010 to support them. "Novice entrepreneurs" means that this must be the first entrepreneurial project of the applicant. Exceptionally, some former entrepreneurs are allowed to apply for these supporting schemes, in case they have been former entrepreneurs for no more than one consecutive year, or no more than 3 non-consecutive years.

a) Creation of companies by novice entrepreneurs:

Amount of the grant: Between 30% - 50% of eligible investment expenditures. Minimum amount: 5.000,00 €.

b) Promotion of self-employment by novice entrepreneurs:

Amount of the grant: between 1.500,00 – 1.800,00 €, depending on the quality of the project. In every case, a minimum investment of 3.600,00 € must be dealt by the entrepreneur.

c) Advice and support to apply for regional grants:

The so-called "ticket autónomos" is a financing scheme established by the Principality of Asturias to support novice entrepreneurs, including those ones with Innovative projects. Not

every activity is eligible for funding. Construction, catering, business intermediary... are activities out of the scope on this financing scheme. Every innovative project is eligible for funding. This financing scheme "ticket autónomos" may be either a grant, or an interest-free loan, or both. The amount of the grant is: 6000€ for unemployed in general; 7000€ for unemployed youth (under 30 years old); 8000€ for unemployed women; and 10000€ for unemployed disabled people (grants are subject to a minimum investment by the entrepreneurs).

d) Platforms of business development

The so-called "Platforms of Business Development" means that consolidated companies will act as tractors of starting-up innovative SMEs for development of joint, high added-valued, innovative, technological activities and services.

Requirements:

- Partnership: 1 consolidated company (*tractor Co.*); at least 2 local SMEs.
 - Participation of Technology Centres, or R+D Centres instead of 1 SME is acceptable.
 - Participation percentage of the tractor Co. in the project: Maximum 30%
 - Participation percentage of each SME / R+D Centre: Minimum 25%
 - Minimum project investment: 30.000,00€.
 - Amount of the grant: Between 30% - 50% of the eligible costs. Maximum amount: 100.000,00€
- A 500.000,00€ budget line has been allocated in 2010 for Platforms of Business Development

The Venture Capital Fund

Furthermore there was recently approved the launch of a venture capital fund in order to support innovative projects, venture capital investments in emerging companies and micro enterprises especially those related to R&D&i. The fund aims to boost economic activity in the municipality facilitating the creation and consolidation encouraging R&D&I and the introduction of new activities in the Science and Technology Park. It will be aimed at high-tech companies, innovative small and medium companies, companies in the field of e.g. ICT, biotechnology and nanotechnology.

The Venture Capital Fund is a mandate of the above mentioned "*GijónInnova*" Agreement achieved by the City Council and social stakeholders (Business Associations, Trade Unions) aimed at defining and implementing local policies on Economic Development and Employment. It is intended to be the most powerful tool to support innovative, high added value projects.

The Fund is 100% local capital (City funded), and it will serve as a complement to regional instruments which are already operating. It is fully operative since last May.

Main features of the VC Fund:

Initial assets: 6.000.000€.

Duration: Ten years after its creation (this term may be extended or shortened in two years by decision of its Investment Committee).

Investment Types: Investments will be directed towards the strengthening and creation of technology-based firms, the promotion of the R+D+I and the implementation of new activities in the surroundings of the Science and Technology Park of Gijón and other technological enclaves of the city.

Business sectors targeted: Venture Capital Fund seeks investments in both established innovative high value added business projects and newly created projects, as well as the development and expansion of small and medium enterprises with potential growth and a highly skilled management team. They will be priority sectors:

- Information Technology and Communication (ITC)

- Nanotechnology
- Biotechnology
- Plant protection products and services.
- Advanced and high added-value Services to Industry
- And products and services regarding Clean Energy

Sectors which are expressly excluded: Armament and facilities for defence, general government, Financial Sector and Real Estate.

Geographic Area: Gijón, but up to 10% of the Fund's initial capital can be invested in other municipalities or even abroad, as long as this will serve the business development in Gijon.

Diversity of sectors: the maximum amount invested in a particular sector will be 25% of the total assets of the Fund.

Investment per project: the maximum amount invested in a particular project will be 15% of initial assets of the Fund.

Duration of investment: between 3 and 5 years, although different durations may be allowed by the Investment Committee.

Discussion:

Dr. Blatt:

In the beginning impressive figures on the amount of money that was involved, now in context of the crisis, there surpassingly be shortcuts, will this figure be transformed in a lower one?

PCTG:

Some cuts will be expected, some priority axes will be still available in the same frame (major announced the priorities).

ELAt Project: Access to expertise towards top-technology clusters: From regional to cross-border cooperation

Focus on specific topic access to expertise through network pools, which will be described by Leipzig during the next meeting. Mr Mayer from the Business Development Agency in Aachen this time presented an example on cross border cluster cooperation and generation of knowledge by international exchange among local high tech networks.

The City of Aachen has developed and established various high tech cluster networks with the help of AGIT. Thematically they range from life science, new materials, innovative production technologies and also automotive and rail to energy. But all of these networks have different approaches, objectives, activities and results in line with its focal thematic and the composition of its members. For example the ICT cluster, which is the biggest and the oldest one (founded 1991 with today 108 companies) main objectives are information and knowledge exchange, social networking and recruitment. Whereas INTRA a ten years old regional plastic technologies cluster,

which is composed by 20 companies, mainly focuses on business cooperation in the field of e.g. consulting, design, production, research and development. The newest one which is called “Energy hills” whose field of expertise is (renewable) energy was directly set up as a cross border network and as international energy competences centre.

Cross border activities

The regional cluster across the border is composed by the three cities Aachen (D), Eindhoven (NL) and Leuven (B). First steps towards cross border cooperation have been done already in INTERREG I-III within the Meuse-Rhine-Triangle. The triangle comprises five Universities with together 68.000 students and 1200 professors). The main aim is to foster cooperation between the knowledge city-region. Since 2004 the focus was put on knowledge exchange, benchmarking activities to map the strengths of each region, but also on common cluster management (e.g. ICT cluster, life science cluster) and the appropriation of financial means for start-ups (provision of Venture Capital by the European venture market) and a joint innovation strategy has been elaborated.

Example of a regional cluster:

The first “network of networks” was developed in the field of life science, where the different life science cluster of each city-region were merged together. This cross border network was developed in the different INTERREG phases. It is composed by the Dutch “LifeTecNetwork”, the German “LifeTecAachen Jülich e.V.” and “bioliège” in Belgium. On this field there are many economic strengths, however opportunities for commercial cooperation have not been investigated systematically. One of the first outcomes of the cooperation project is the joint cross border fair “BioMedica”, which is annually carried out in a rotation system by the member networks.

Future activities:

In the future it is foreseen to launch a more comprehensive approach, aiming at the development of a larger cross-border cooperation process based on the combination of the TTC (Top Technology Region) and ELAt. This is more a political approach. Therefore, also benchmarking studies have been carried out, in order to detect potential fields of innovation (*See further descriptions in the Paper on Managing Authorities*). The starting point of the common initiative was to boost the cross border cooperation which will be based on the following pillars:

- a) Networking and intercluster activities (use of existing networks)
- b) Establishment of a special business and innovation development board,
- c) Include companies in other cross border innovative projects (here is the possibility to fund the start of cooperation)

Since June 2010, the initiative has run up with the implementation of the different work packages that have been elaborated for each pillar. The work package on networking and intercluster activities helps the stakeholder of getting to know each other. Therefore, diverse meeting and socialising events are going to be implemented (also in combination with triple helix events) and formalised meetings of potential partners will be held. The work package on Business and Innovation Development is aiming at stimulating demand and market driven innovation and development. This should be a more guided approach. Given the fact that business across the borders in spite of various cross-border activities is still on a low level “towards TTC” aims at providing services and advice on establishing cross border projects.

- Demand-antenna’s: the organisation of regional “antenna’s” identifying or encouraging concrete demands of businesses (based on the various regional starting points)

- Interviews (with companies): Active maintenance and check with selected representative companies to gain on innovation in products, services and processes leading to direct inputs (project leads and project proposals)
- Structured generation of ideas: Creativity sessions, roadmaps (e.g. on plastic recycling) workshops on promising applications of trends, dedicated workshops (especially on development of project leads)
- Toolbox (additional money) Allows direct address of small problems (like IP protection, legal support) by providing some limited but very low threshold incentive instruments (e.g. feasibility studies, vouchers) to companies
- Pool of Business and Innovation Experts: To secure successful developments specialist knowledge of market/technology and open mind and excellent qualities in the field of counselling and coaching is required. Therefore a pool of experts with additional budget to boost implementation more in detail will be implemented. On the one hand this experts need to be very close to the technology questions but on the same time they need to be experts on transferring research achievements into concrete projects.

Conclusions:

GijonInnova is a very comprehensive programme for innovative / high tech sectors in Gijon:

- supported sectors have been carefully selected in relation with the local strengths,
- supported businesses have been targeted in a complementary approach with the Region so that overlapping is avoided,
- the local support programme requires impressive funding that may look out of reach for many Cities: it would tend to indicate that critical mass is needed to support innovative sectors efficiently.
- Venture capital is used to “secure” the development of high growth potential businesses at a local level: it will be interesting to see if this objective is met in the coming years, ie. supported businesses do not de-localize their activities.

In both cases (GijonInnova and ELAt) clusters seem to be the founding stone for efficient supporting activities and one of the main questions is to find the suitable territory to form these clusters with a significant mass: in Gijon, it seems that this critical mass exist locally while Aachen was driven into looking for partners in 2 neighbouring regions/ countries.

Gijon implements one of the few examples of cooperation between a financial institution and a Municipality on a joint procedure for processing (micro) loan applications: it would be interesting to hear the Caixa position on this partnership and the advantages they receive from this cooperation.

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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