

## Creativity: driving local economic development

### 1. Economic and social contribution of the creative sector

In today's knowledge-based society the rationale for publicly supporting the cultural and creative sector goes beyond the traditional "arts for arts sake" approach. Fostering sector development is based on multiple social, cultural and economic objectives. Culture and creativity are considered vital factors in attracting talented individuals and investment. They also foster economic development, local regeneration and strengthen cultural diversity and social integration. The KEA study on the Economy of Culture in Europe, carried out on behalf of the European Commission, shows that the cultural and creative sector employed 5.8 million people and generated over € 654 billion in 2003 in Europe, more than car manufacturing.

It is assumed that more than half of the jobs in manufacturing have been lost in Europe since the late 1990's. Europe is a leader in sectors such as music, fashion, design, architecture, the arts market and games development. The cultural and creative industries therefore offer enormous potential for the EU to remain among the top players with regards to global competitiveness.

The sector also has a much wider dimension: Alongside research in science and technology, creativity is a key factor in triggering innovation and fostering economic success in other industrial sectors. Consider, for example, the importance of design for the consumer electronics market.

Of course, culture and creativity have more than a mere economic significance. Culture contributes to providing meaning, encouraging social cohesion, fostering education and promoting the democratic values of tolerance and solidarity, in a way that no other sector can. This contribution to society cannot be measured.

### 2. Culture and creativity as a source of local development

While many economic sectors in the EU face increased off-shoring trends and global competition, cultural and creative goods and services cater to a large extent for a local audience. To some degree, this is linked to Europe's cultural and linguistic diversity. Consequently, countries, regions and cities throughout Europe are increasingly assessing their cultural and creative potential and developing strategies to build a sustainable local economy.

Some examples: In Berlin around 18,570 companies are active in the creative industries which generated a turnover

of € 8.1 billion in 2002. In 2004, 6.9% of the total number of jobs in Amsterdam was provided by the creative industries, a sector also responsible for regenerating key urban areas. In London, the creative industries are the second largest business sector and third largest employer after the financial sector. What all these cities have in common is that they have put culture and creativity on the top of their policy agendas, linking them to other important policy domains such as education, urban planning and small business support.

Creative industries' success often relies on the dynamism of creative clusters and accompanying policies valuing intangible assets. These small and flexible local production networks generally flourish in environments where artists, businesses, arts schools, scientists and cultural operators are encouraged to communicate, collaborate and nurture each other. European cities with all their respective cultural specificities and diversities are best placed to develop these clusters.

Where creative talent settles, creative entrepreneurs tend to follow: Cultural and creative locations have become the hotbed of modern urban life and attract business as well as related activities. Local initiatives aimed at supporting creativity as well as investment in creativity are bearing fruit in a large number of European regions and cities.

### 3. The importance of European support to regional development

Regions and cities hold the remit of important competences in the field of culture. The European Union is, on the other hand, supporting regional development to a very large extent through the Structural funds, which represent € 347 billion for the years 2007-2013. KEA estimates that cultural activities counted for less than 3% of overall Structural Funds expenditure in the past EU budget. This is significant. However, it is above all insufficient considering the importance of creativity in driving innovation. For the years 2007-2013, the European Regional Development Fund (ERDF) is dedicating € 8.7 billion towards strengthening cross-border cooperation in particular between small entrepreneurs. It is important that regions consider these resources when implementing strategies to link culture and creativity to regional economic and social development.

Some regions have understood the need to collaborate and have set up pan-European networks to foster collaboration in the sector. Take the Cine-regio network which



gathers more than 30 regional bodies active in supporting co-production amongst regional authorities involved in film financing in Europe. Indeed, regional and local film support amounts to € 250 million per year (approximately 20% of all film support in the EU). Other notable initiatives include Stratcult – an INTERREG project that involved 6 regions willing to work together to make culture a tool of local development. The European Film Commission Network (EFCN) which gathers 59 members and the European Association of Regional Television that combines 376 public regional television stations from 38 countries are other examples of interregional cooperation based on cultural initiatives.

#### 4. Developing a coherent cultural policy at local level

Local and regional authorities are generally supporting cultural activities with a view to fostering cultural identity. On another level, cultural investment is associated with the promotion of a city, its image, its heritage and a means to attracting tourists.

However culture has another dimension. It is a source of creativity, an essential element of innovation. Thus, nurturing creativity is key to promoting a region's competitiveness. Cultural policy becomes a key tool of economic and social development. It can no longer be considered on the fringe of decision making and needs to move into the centre of the regional strategy formation process.

The development of ambitious cultural policies which aim at nurturing creativity requires processes and structured governance. Understanding and defining the local creative ecology and its uniqueness is the first step. This implies consulting stakeholders, identifying key creative and cultural sectors, assessing and defining their needs and weaknesses, or using best practice examples from other regions and local entities in the country and abroad. It requires examining clustering opportunities with research centres, educational establishments and business centres.

The development of specific statistical tools is important to enable local authorities to take informed decisions. Rarely does economic information cover creative businesses or activities, even less so at regional or local level. A region's performance will be increasingly measured on its ability to mobilize creative and artistic resources to the benefit of the local population and businesses.

On this basis, a balanced combination of the following elements should contribute to the development of a local strategy fostering local creativity:

- Assign clear responsibilities to manage the process of coordination, consultation with private stakeholders and with public authorities.
- Identify synergies with other policy domains such as urban planning, employment, support to SMEs, protection of the environment, urban regeneration, education and training.
- Highlight the creative strengths of the region, its distinctiveness.
- Consider educational tools and programmes required to foster creativity, involving educational establishments linked to science, innovation, art, design and businesses.
- Identify existing measures and policy tools devoted to promoting innovation and creativity
- Means to support creative entrepreneurs (through training, professional advice or finance)
- Assess the potential linkage with the existing cultural offers and institutions.
- Engagement with the local population for a creative participation.

As one can guess, there is no single approach tailored for all cities and regions wishing to develop their creative sectors. Each needs to discover its cultural and creative "uniqueness" which will foster its creative potential for the benefit of its economy and its people.

KEA's consultants provide expert advice to public authorities and policy makers wishing to develop coherent strategies and support programmes for the cultural and creative sectors. They understand Europe's diverse opportunities and can point towards multiple examples of good practice and lessons learned throughout Europe and abroad. For more information visit [www.keanet.eu](http://www.keanet.eu).

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