
CASE STUDY: LEIPZIG, GERMANY

THE EXPERIENCE OF THE LEIPZIG URBAN II PROGRAMME (& 'LEIPZIG NEW WAYS' ARTICLE 6 PARTNERSHIP)

The Local Policy Context

Out-migration from cities in eastern German cities - including Leipzig which lost around 100,000 inhabitants in the early 1990s - since reunification (the issue of « shrinking cities ») has led to new responses by City authorities to urban (economic) redevelopment.

In Leipzig, in view of the lack of available public funding to fund urban redevelopment, and, influenced by EU programmes, the City has set priorities for public investment and sought to integrate the activities and resources of different local stakeholders (landlords, the private sector, social organisations and residents). This culture change in the role of the City authority from manager to the facilitator and manager of joint-sectoral responses to urban redevelopment is exemplified by the 'Leipzig New Ways' Article 6 programme.

In addition to this general change in approach, there has also been a shift in approaches to local employment development activity in Leipzig. The traditional approach has focused on freeing up large out-of-town sites for investment. Whilst the City has had success in achieving a number of large-scale investment projects - such as the car plants built by BMW and Porsche - the need for alternative approaches to local employment development to address high levels of unemployed has been identified. In particular, develop and support for SMEs is increasingly recognised as offering an important basis for job creation - as exemplified by activities delivered through the Leipzig URBAN II programme.

The Leipzig URBAN II Programme

The Leipzig West URBAN II programme (2000-2006) targets the urban regeneration of the western inner-city quarters of Leipzig (Plagwitz, Lindenau/Old Lindenau and parts of Kleinzschocher and Leutzsch). These quarters - traditionally centres of manufacturing activity (mechanical engineering and metal processing) have suffered from economic restructuring and associated high rates of unemployment and population loss to the suburbs.

The programme has sought to arrest the decline of these areas through an integrated programme of activity focused on local economic and employment development, social integration and renewal, and environmental and infrastructure improvements. Economic development activity has focused particularly on the development of small and medium-sized enterprises (SMEs) - particularly in service and technology-based sectors.

The URBAN II programme, specifically, has drawn together a partnership of the City, the Chamber of Commerce and the Crafts Council to manage enterprise development activity. These partners - plus the local bank (Sparkasse) - also deliver partnership initiatives in other parts of the City (the Entrepreneurs Office in the east of the City in particular). The

programme has also followed the example of EU programmes in seeking to revive the economy of the target areas by pursuing two different categories of measures :

1. Structural measures designed to eliminate barriers to development - specifically through grants for bringing under-used premises and land back into economic use; and
2. Measures to maximise local potential for small and medium enterprise development. In particular, the programme has sought to strengthen the local retail sector and other local services through :
 - provision of networking opportunities for local entrepreneurs to work together to share innovative ideas and develop joint actions. A particular focus has been on joint action to strengthen the function of district centres within the URBAN II target area (e.g. joint marketing initiatives) ;
 - the provision of business start-up support services (including financial support) by the Unternehmensgruenderbuero (Entrepreneurs Office) based in the east of the City. This service is based on a partnership involving, amongst others, the City of Leipzig, the local bank (Sparkasse), the Crafts Councils and the Chamber of Commerce. There is a particular focus on supporting business development in technology-based sectors such as biotech ; and
 - action to develop entrepreneurship amongst young people.

Conclusions and Lessons

Good Practice Lessons in Developing SMEs and Entrepreneurship

The following comments are based on the interim results of the URBAN II programme in Leipzig, early findings are that :

- involving existing businesses and encouraging the creation of new firms is important for the local economic structure. The existing structure requires development ; and
- action to support SMEs needs to be complemented - in this context - by action to stabilise and improve the social structure - in order to stabilise demand for SME services and products. The URBAN II programme involves a holistic programme of activity including action to improve the quality of the urban space and socio-cultural activities.

The Value of Local Action for Employment Development

The experience of Leipzig reinforces the regeneration motto - “Keep what you have”. In particular, the experience of Leipzig shows that in a weak economy the creation of new structures is much more difficult than the development of existing ones. Local action to develop existing indigenous business is therefore important to economic regeneration and employment creation. In particular, a key strength of local businesses is their knowledge of local customer potential and partnership structures. Support for local business development can valuably include enabling local businesses to obtain new ideas from external individuals.

The Value of Local Partnership Action (for Local Employment Development)

In the face of competition from out-of-town retail and service centres, business owners and managers in central city locations need to understand themselves increasingly as partners who run a business location together. The activities of (business) owners' associations, trade chambers and industry chambers can support the formation of local networks. Integrating these partners into programme advisory committees or similar institutions creates a layer that facilitates orientation and decisions. This co-operation is effective internally and externally. Communicating the discussion alone shows the client that change is attempted and development wanted. This strengthens the connection with the area and its actors.

A strong local partnership is a precondition for continuing work after funding has expired. The funding period can only be seen as the starting phase for own sustainable activities. Creating a strong co-operation structure is a precondition for continuing the partnership.

Lessons for Policy Makers (EU, national, local)

Local employment development action should not exclusively focus on funding. In particular :

- At EU-level attention should be given to support structures to enable local partnerships that have been developed during programme funding periods to be sustained. This could be enabled through local schemes. The ECO-FIN-NET and URBACT network offer capacity to support the development of policy guidelines.
- At the national level (Germany) there is a need to give greater priority to the role of local action in regional economic policy - rather than a focus on sectoral policy.
- At the local level, local actions need to be aware that local employment development depends on local firms exercising wider responsibility beyond their own firm's interests - rather than simply more funding.

Further information about the URBAN II Leipzig West, please visit:
<http://www.urban-leipzig.de/download/URBANenglisch.pdf>