



OECD Local Economic and Employment Development (LEED)  
Papers 2012/15

Delivering Local  
Development  
in Derry~Londonderry,  
Northern Ireland: Inclusive  
Growth Through One Plan

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<https://dx.doi.org/10.1787/5k92s6tv9c0r-en>

# Delivering Local Development in Derry~Londonderry, Northern Ireland



**INCLUSIVE GROWTH THROUGH ONE PLAN**



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INCLUSIVE GROWTH THROUGH ONE PLAN

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## *Foreword*

The OECD Local Economic and Employment Development (LEED) Programme celebrates its 30<sup>th</sup> anniversary as this report is published. We were created in 1982 with a mandate to promote and advance local development as a means of achieving national economic growth and economic and social inclusion. In 1982, OECD member and non-member countries were faced with rising unemployment and economic restructuring, the impact of which was felt most acutely at the local level. During the last three decades our members have faced economic crisis, political conflict and social unrest and we have worked with them to address the challenges that each of these factors create. It is our belief that economic prosperity and social cohesion depend on the ability of our economies to generate **sufficient, productive and sustainable employment**, with opportunities for **progression** and **accessibility** for all. These three dimensions of the labour market are of particular relevance today as economies emerge from one of the worst economic crisis for generations.

The labour market has experienced major job losses, and efforts to create jobs must be bolstered. The long period of sustained economic growth prior to the downturn generated poor improvements in standards of living for many in OECD countries. Net wages and income have stagnated for a large proportion of the population while income inequalities have increased. Disadvantaged individuals and certain population groups participate sub-optimally in wealth creation activities and thus benefit little from economic growth. They have also suffered disproportionately in relation to the current crisis. The challenge of making sure that growth translates into opportunities for all therefore becomes particularly acute in uncertain economic times. It has been the *raison d'être* of LEED over its 30 years of existence to respond to these challenges. LEED has pioneered the development of an integrated approach to local economic and employment development, which is essential to making these efforts successful.

Our work with Derry~Londonderry encapsulates the essence of LEED in practice. It has been a privilege to work with the city as it seeks to reshape its future. Throughout the project, our team worked with engaged, open and committed stakeholders and our Directing Committee of 36 member countries was both humbled and inspired by the city. Derry~Londonderry has a challenging period ahead as it seeks to create 12 000 much needed jobs in the city over the next 10 years. It is now an outward-looking and learning city, seeking to learn from international best practice and in turn contribute to new thinking and understanding. Through One Plan – the Regeneration Plan for Derry~Londonderry 2020 – the city can determine a different future: a stronger economy and equal society.

I would like to thank Ilex URC and its sponsoring government departments of Office of the First Minister and Deputy First Minister and the Department for Social Development, Derry City Council and all local stakeholders who helped make this review possible. Particular thanks go to Junior Ministers Martina Anderson MLA and

Jonathan Bell MLA, Sir Roy McNulty, Dr. Aideen McGinley and Mr. Gerard McCleave. The review was led by Debra Mountford of the OECD and the expert team was Andrew Boraine, Greg Clark, Nicola Cobbold, Mateu Hernandez and Joe Huxley. My thanks go to them all.

A handwritten signature in black ink, consisting of a large, sweeping loop on the left, a vertical stroke in the center, and a horizontal stroke at the bottom with a small flourish on the right.

Sergio Arzeni,  
Director, OECD Centre for Entrepreneurship

## *Table of contents*

<b>Preface</b> .....	7
<b>OECD expert team</b> .....	9
<b>Delivering local development</b> .....	11
The OECD LEED Programme mandate .....	11
The OECD LEED Programme’s rationale for delivering local development.....	11
The OECD LEED Programme and Derry~Londonderry .....	17
The Derry~Londonderry context .....	17
<b>Assessment and recommendations</b> .....	21
The need for regeneration planning in Derry~Londonderry.....	21
The key role of regeneration planning in Derry~Londonderry.....	22
Overall progress in Derry~Londonderry .....	23
The One Plan .....	24
Taking the One Plan forwards .....	26
Building a stronger enterprise development and job creation programme into the plan .....	30
Engaging more directly with institutional and other capital holders to increase leverage of private investment .....	43
City identity, reputation and promotion.....	50
Developing the North West regional role of the city .....	52
Building temporary employment initiatives to support labour market participation and undertake local public works .....	53
Knowledge and digital economy .....	54
Catalytic projects as a generator of regeneration momentum.....	56
A delivery system fit for purpose .....	59
Conclusions.....	73
<b>Notes</b> .....	76
<b>References</b> .....	78
 <b>Table</b>	
Table 1. Roles of strategy, system and leadership in the local development process .....	15
 <b>Figures</b>	
Figure 1. Schematic of the idealised partnership types.....	62
Figure 2. Growth, development and inclusion as mutually reinforcing processes .....	65





## Preface

The Regeneration Plan for Derry~Londonderry “One City, One Plan, One Voice” took over 18 months of collaborative working between the public, private and community sectors.

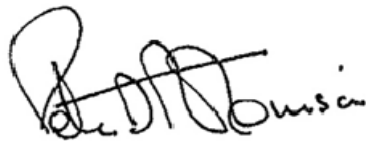
The aim of the plan is to build a competitive economy with increased prosperity for the city and region in ways which ensure that the opportunities and benefits from regeneration are targeted towards the most deprived groups to build prosperity and tackle disadvantage.

To deliver the step change successfully, the One Plan will require a multi-disciplinary approach involving many organisations and individuals with a wide range of expertise, experience and capacities. We welcome the acknowledgement that with the current economic difficulties there is greater need to consider innovative funding mechanisms. In reality this requires that central government, local government, the private and community sectors all playing key and vital roles in supporting and delivering success through ownership, partnership and leadership.

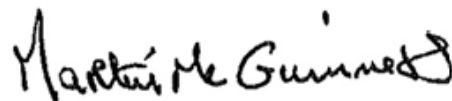
We consider the commitment to the transformation of the city is very deep. This is evident in the ongoing regeneration projects within the city, the support for the One Plan and the potential for the city with its UK City of Culture status. In 2013, the city of culture offers a unique opportunity to open its doors to visitors from across the world.

The Executive's continued commitment to regenerating the city is clearly demonstrated with its embedding in the Programme for Government, the delivery of the One Plan, incorporating key sites at Fort George and Ebrington, and specifically in the commitment to contribute to rising levels of employment by supporting the promotion of new jobs.

In closing, we would like to thank OECD for their extensive work in producing this report. We acknowledge that there is still much work to be undertaken in taking forward the delivery of the One Plan and will continue to support Ilex in their endeavours to deliver on its long-term mission.



Rt Hon Peter D Robinson MLA  
First Minister



Martin McGuinness MP MLA  
deputy First Minister



## OECD expert team

**Andrew Boraine** is Chief Executive of the Cape Town Partnership and was part of leading Cape Town's successful bid for World Design Capital 2014 and is currently facilitating the establishment of a new economic development partnership (EDP) for the Western Cape region. He is Adjunct Professor at the African Centre for Cities at the University of Cape Town and is on the Advisory Board of the State of Cities in Africa project. Andrew has been involved in South Africa's local government and urban development processes for the past 33 years, as an activist, advisor, negotiator, government planner, city manager, facilitator, communicator and writer. He conceptualised and co-ordinated the establishment of the innovative South African Cities Network (SACN) in 2002. Prior to this, he was City Manager of Cape Town (1997-2001) and Deputy Director General in the Department of Constitutional Development (1995-1997). He is a Board member of the Development Bank of Southern Africa (DBSA) where he chairs the Bank's Development Planning Committee. He chairs the Board of the Cape Town International Convention Centre (CTICC). He has extensive international experience through his engagement with the World Bank, United Nations, UK Government and USAID and the OECD Local Economic and Employment Development (LEED) Programme.

**Greg Clark** is a trusted advisor, mentor, and commentator on cities and local development. He works as a Professor, Non-Executive Advisor and Director with global companies, global cities, and inter-governmental organisations. His current roles include Chairman of the OECD LEED Forum on Development Agencies and Investment Strategies; Senior Fellow, Urban Land Institute; Chairman of British BIDs; Global Cities Advisor, Cap Gemini; Chairman of the International Advisory Panel on Sao Paulo 2040; Advisor, World Bank Urbanisation Knowledge Platform; Senior Non-Resident Fellow (Global Fellow), Brookings Institution, Washington, DC; Associate, LSE Cities, London School of Economics, London; Member, Future of Cities Advisory Board, Oxford University; Member, Advisory Board, Greater Manchester Local Economic Partnership; Visiting Professor, Cass Business School, City of London; and Advisor to cities and city networks on strategy and development.

**Nicola Cobbold** joined the Portland Trust in April 2007 and was appointed CEO in January 2009. The Portland Trust is a British non-profit "action tank" whose mission is to promote peace and stability between Israelis and Palestinians through economic development. It works with a range of partners to help develop the Palestinian private sector and relieve poverty through entrepreneurship in Israel. Previously Nicola worked as a lawyer, specialising in media and copyright. From 1995-1999 she lived in South Africa. In 1998 she headed up the legal team which bid for and won the first private South African free to air terrestrial television license, subsequently launching e.tv in a record breaking six months. Prior to specialising in media, Nicola worked as a corporate lawyer at Linklaters in London and Paris. Interspersed with her legal career, Nicola has worked in reconciliation and co-existence. In addition to compiling a report for the Truth and Reconciliation Commission in South Africa, she was a trustee (2001-2003) of the Jewish Council for Racial Equality, a charity established in 1976 to combat

discrimination and promote racial justice in Britain. She is currently a governor of the Hebrew University, member of the Cherie Blair Foundation for Women and Board Member of Seeds of Peace. Nicola is a graduate of Cambridge University.

**Mateu Hernández** is CEO of Barcelona Global. Prior to this, Mateu was the Economic Development CEO for the City of Barcelona, where he co-ordinated and lead policies and programmes on employment, entrepreneurship, enterprise, foreign direct investments attraction, brand, innovation, technological outreach, trade, consumer affairs, tourism and markets. As CEO for Economic Development he was the Executive VP of Barcelona Activa, Mercabana, and had executive responsibilities on the 22@Barcelona innovation district. He previously developed his career in Barcelona Activa, the local development agency of Barcelona City Council, as Managing Director and, previously, as Executive Director. He designed and oversaw the implementation of an entrepreneurial and innovation agenda for Barcelona, was part of the leading team to design the Barcelona strategic plan, a member of the Barcelona Mobile World Capital bid team, and has developed several innovative programmes to foster local and regional economic development. Mateu is graduated in law at the University of Barcelona and has Masters degrees in Public and Social Policy from Pompeu Fabra University and Johns Hopkins University, Baltimore and Leadership from ESADE Business School. He has participated OECD LEED Programme reviews on local economic development. In 2006, he took part in the Marshall Memorial Fellowship programme of the United States and lectures on the Master's programme on Public Policy and Local Development. He has led numerous capacity building initiatives in Latin America.

**Joe Huxley** is an economic development researcher, advisor and author with a number of years of experience in local and regional economic development issues. Since graduating from the University of Oxford with a BA Hons degree in Geography in 2007, he has worked as a researcher and policy advisor with the OECD, the Urban Land Institute, the European Investment Bank and the British Council and the national governments of New Zealand and the United Kingdom. He has also worked on the ground with a number of cities such as Aarhus, Auckland, Barcelona, Cape Town, Johannesburg, Toronto and Mumbai. In 2011, he spent seven months working as a Consultant for the OECD's Local Economic and Employment Development Programme in Paris and is currently undertaking an MPhil in Development Studies at the University of Cambridge.

**Debra Mountford** joined the OECD in 1997 and is a Senior Policy Analyst and Manager of the OECD LEED Forum of Development Agencies and Investment Strategies at the Local Economic and Employment Development Programme. She is responsible for OECD work on "Delivering Local Development" which includes international reviews of development agencies, local economic and investment strategies, financial tools and instruments, post-conflict economic development and local development catalysts. Debra has been involved in over 30 OECD reports, studies and publications, most recently *Organising Local Economic Development* (2010); *Recession, Recovery and Reinvestment* (2009); *Local Development Benefits from Staging Global Events* (2008); and *Investment Strategies and Financial Tools for Local Development* (2007). She has held a number of international advisory roles including: Expert Advisory Group member to the 2005 EU Presidency Skills for Sustainable Communities; 2006 EU Presidency Local Development Finance and JESSICA; since 2009, Urban Land Institute Urban Investment Network; and 2010 EU URBACT Local Responses to the Crisis. She is currently an Editorial Board Member for the *Local Economy Journal*. Debra is a qualified Town Planner and Urban Designer.

## **Delivering Local Development**

### **The OECD LEED Programme mandate**

- Mission statement: the mission of the Co-operative Action Programme on Local Economic and Employment Development is to contribute to the creation of more and better quality jobs through more effective policy implementation, innovative practices, stronger capacities and integrated strategies at the local level.
- Economic prosperity and social cohesion depend on the ability of our economies to generate sufficient, productive and sustainable employment, with possibilities for progression and accessibility for all. This requires a constant effort to seize opportunities offered by the global economy while capitalising on local assets. An integrated approach to local economic and employment development will be crucial, bringing together government, business and civil society. To strengthen this process, evidence-based guidance is needed, stemming from an international comparison of policies and practices across local areas in a wide range of policy and institutional contexts.

Accordingly, the main objectives of the programme are as follows:

- to improve the quality of public policy implemented at the local level, through continuous monitoring and assessment of current practices;
- to enhance knowledge on innovation in local economic and employment development and the renewal of local economies by developing indicators which allow for comparisons; and
- to build capacity in the design, implementation and evaluation of local economic and employment development strategies in OECD member and non-member countries.

### **The OECD LEED Programme rationale for delivering local development**

The purpose of local development is to build the capacity of a defined territory, often a municipality or region, to improve its economic future and the quality of life for its inhabitants. Local development can make an important contribution to national economic performance and has become more critical with increased global integration and competition, population mobility, technological advances, and consequential spatial differences and imbalances. Effective local development can reduce disparities between poor and rich places, add to the stock of locally generated jobs and firms, increase overall private sector investment, improve the information flows with investors and developers, and increase the coherence and confidence with which local economic strategy is pursued. This can also give rise to better diagnostic assessment of local economic assets and distinctive advantages, and lead to more robust strategy assessment.

However, the success of local development depends on a set of framework conditions, institutional capacities, intelligence, leadership interventions and development instruments which come together in the design and delivery of local development strategies. Mayors, elected officials and appointed officers heading various local agencies and public organisations can make a difference in the outcome of public policy and joint local initiatives, especially if they invest their time and energy in organising local development and leveraging private sector and civic sector capabilities and interests.

### ***A challenging context for local development***

The second decade of the 21<sup>st</sup> century is going to be unlike the first one that ended so spectacularly with the financial and economic crash and the deep aftermath, now playing itself out, within governments and markets. In the United Kingdom and Ireland, very substantial measures to stabilise economic conditions are being pursued, and these are paralleled by similar measures in France, Greece, the Netherlands and Portugal (for example). The next ten years will not be like the last ten years, and for cities seeking to mount effective regeneration efforts, there are new considerations that must be taken into account.

For a variety of reasons it makes sense to look at the next ten years as the beginning of a new cycle of development with pronounced and distinctive characteristics. This new cycle will produce new forms of urban regeneration and the tools and strategies required to deliver them are now being invented.

A series of forces and constraints are occurring simultaneously, and will shape the character of the cycle that is now beginning and the possibilities for urban regeneration within it. These are sketched briefly below:

- The crisis and its aftermath are still playing themselves out. There is a long way to go before sovereign debt concerns are fully addressed and there remain major challenges in the asset portfolios of financial institutions and others. Although job creation and disposable income levels are rising in the faster growing economies, in Europe overall, the growth of job creation and consumer spending is very slow and will be so for some time. There are several important implications for how cities mount regeneration programmes following from this that will be outlined later in the report.
- The crisis has also accelerated the process of global restructuring that was already in flow, fostering different paces of growth and development in many places, increased mobility of capital and jobs, new trade and investment patterns, and additional challenges, for example for peripheral locations.
- At the same time, global trends in demographics and industrialisation have spurred a rapid increase in urbanisation and the growth of cities with two important consequences for cities seeking to mount regeneration strategies in Europe. Firstly, there is now a substantial growth in private sector interest in developing solutions and services for cities and city governments (as they represent a large and growing market for solutions and services) and second, there is increased competition between cities as there are many more cities entering the fray for contested investments/assets and other market opportunities.
- At the same time, awareness of the climate imperative is such that it shifted from being an emergent idea in the last cycle to being a core activity in the new one, at least in part because rapid urbanisation would be extremely damaging if old urban

models were adopted, and also due to the fact that the need for large-scale adaptation provides significant scope for new job creation and firm formation (the green economy).

- As mentioned above, fiscal restraint in many OECD countries is reducing both the size of transfer payments between higher tier and local governments, and in many cases local governments are being asked to undertake a wider range of activities with fewer resources, although in some cases local governments are provided with the freedom or opportunity to utilise new revenue-raising instruments. Overall, local governments are poorer and the scope to use new instruments or to mount public and private funded urban regeneration is limited by the weaknesses in demand from private capital. Consequently, the major opportunity for urban regeneration often lies with skilful use of public budgets to achieve transformative investments and changes in addition to achieving efficient service delivery.
- Financial markets and systems of investment are adjusting to much lower rates of debt financing. The pattern of property development (for example) being substantially financed with debt financing (as was common in the last cycle) is not likely to repeat self in this one and both property developers and urban regeneration leaders will have to adjust their financial models to use a wider set of financial tools and to engage with different equity investors.
- Technology also continues to evolve rapidly in telecoms, retail, information management, energy production, and media/entertainment. One feature of the new technologies in the cycle that is now beginning is the growing and widespread use of technology in city management. Embracing new urban management technologies will be an important ingredient of the quest for lower carbon cities and part of the process of attracting private investment during the coming cycle.

Taken together these trends and forces suggest important changes in the context in which local development and regeneration will happen over the next 10 to 15 years. The expanded integration within the global economy and the growth of the newer markets changes if the geography of flows of capital, firms, jobs, and knowledge change. The changes in the financial systems mean the need to find new ways of capitalising redevelopment. The lower consumer credit means that regeneration needs to embrace productive activity, and not rely too much on leisure and retail activity to spur redevelopment. Europe, and especially the periphery of Europe, may struggle to achieve the growth rates of the last cycle at any point in this one, and for smaller cities and towns relationships with larger places will be key. Competition will increase. Retaining jobs and investment will be as important as attracting new jobs and investment for many years in the first part of cycle. In post-conflict contexts, this is worsened by low levels of external and internal confidences that strategies and initiatives must address.

### ***Local development and regeneration***

In this challenging context, local development and regeneration will need to re-calibrate its role in supporting local economies and communities. Local development and regeneration practices have their origins in responding to crises, many of them often caused by external drivers and trends beyond the reach of local communities. From this point of view many of the fundamental features of sound local development will need to be revisited and re-established in the new cycle. In effect, local development will be more important than ever in this cycle, because it appears that the cycle itself will produce

substantially different outcomes between and within nations, resulting in an enhanced need for local solutions that both manage change and deal with adversity.

Some of the features of local development and regeneration will become even more important. These will include for example:

- The requirement to adapt and re-align a location to external changes in markets, technologies and conditions. For most smaller cities this means thinning afresh about the content of the economy and the ways in which the economy is oriented, often towards more unique and distinctive activities with a strong accent to selling to growing markets wherever they are.
- Retaining investment and jobs is very going to be a very important local response to increased mobility in economic systems. Developing the kinds of local customer support needed to retain activities where there are appealing opportunities elsewhere will be a key imperative.
- Local development leaders will seek to restructure, revalidate, or re-engineer local assets and platforms. This will mean new focus on quality of life assets, and also on knowledge creation, enterprise creation, and the building of distinctive local identities and a reputation for a very good business climate and positive attitude to jobs and investment amongst local officials and communities.
- Improved perceptions of places will continue to be key and local development leaders will focus more time and energy on getting the right message across to enhance the attractiveness of places and people.
- The search for effective catalysts for local development will continue. The spur for change created by the crisis is one, but local leaders will also seek to use infrastructure investments, urban redevelopment, public sector restructuring, and hosting events as catalysts for regeneration and local development.

Cities like Turin, Bilbao, Leipzig, Gdansk, and Malmo showed in the last cycle that regeneration is possible for smaller and very troubled places if the right things are done over long enough periods. In this new cycle, the same pioneering spirit will need to be re-kindled at the local level. For cities that have been through conflict, the redevelopment cycle is often much longer than a single business or investment cycle and may require persistent strategies to be pursued for two to three business cycles before major improvements are recognised. Catalytic projects and initiatives can play an important role, but underlying structural problems will only be tackled systematically over several cycles.

### ***Addressing the fundamentals: strategy, system, and leadership***

Overall, the OECD LEED insight has been that three key ingredients are critical to effective local development and regeneration. These are strategy, system of organisation, and leadership. The lesson is that these three things must come together: local development and regeneration will not work with just one of them.

As Table 1 shows, these mutually reinforcing key ingredients play different and distinctive roles.



Table 1. Roles of strategy, system and leadership in the local development process

Ingredients	
Strategy	Builds vision and purpose, defines risks, frames choices, and articulates common and shared agendas, prioritisations and agreements about means to secure the future.
System of delivery	Locates roles of specialist bodies and of all other organisations involved. Creates the team and the roles of each organisation. Provides a mechanism to co-opt organisations into the effort. Can renew the purpose of organisations.
Leadership	Provides initial impetus for change and early vision. Builds relationship and confidence. Engages people in the long term and empowers individuals, teams, and communities to think beyond short-term interests and immediate constraints. Sets pace and scale of vision. Identifies opportunities and catalysts.

### *Strategy*

The importance of building a common agenda and vision for the future is stressed for several reasons. Firstly, the context in which most development and regeneration strategies are produced is not promising. Usually a crisis or threat of some kind is present. This means that frequently these are times when the more mobile portion of local populations tend to move away and find a more attractive location with better life chances. At the same time, many choices are faced in how to calibrate a different future and these choices must be subject to some agreement and ownership if they are to be pursued with any convictions. So strategy is about building common purpose between the people and organisations who want to make regeneration happen.

At the same time, strategy is also testing ideas against external evidence and challenge. This often means assessing whether the dreams and vision are really achievable. Is there “demand” for what the place wants to be and can it be attractive and competitive in the areas it wants to specialise in? Strategy recognises that many parts of the local economy have to be won through the contest of competition, so it serves both to educate about what the opportunities and competition are, and also to motivate communities to recognise the need to compete and the means to do so. Strategy can aid confidence building.

As strategic choices are made, communities consider how to use assets and opportunities fully to embrace change. Strategies often identify opportunities and catalysts and consider how to make the most of them.

### *System*

Local government is not designed to deliver local development and regeneration. Local government is usually designed to deliver local services and to represent people. The kind of comprehensive change leadership and management require by local development and regeneration is not planned for in the ways that local governments are tooled or resourced. Consequently, it is usually necessary to do two things well if regeneration is to be secured in the long-term:

- Firstly, localities need specialist entities and skills that can be deployed to plan and initiate the regeneration or local development strategy. This role is often played by a special team or agency that is created for the purpose.

- Second, they need to organise the very wide range of local organisations and institutions into a team that can deliver effectively, often having to raise the performance of particular organisations in the process. This organisation needs to be systemic if it is to work.

The OECD LEED experience of reviewing the performance of regeneration strategies suggests that **it is often incorrectly assumed that the organisation or team that is able to initiate the preparation of the regeneration strategy is also the most able to lead and deliver the strategy itself.** This is a frequent misunderstanding. Regeneration can only be secured by all of the key organisations working together because it is about changing the fundamental fabric of local economy, local governance, and local community behaviours.

Regeneration agencies can initiate and help shape such processes of change but the most crucial role is in the end played by core institutions such as local governments, schools, colleges, police, business and civic sectors. A regeneration agency can initiate but cannot complete its task unless the rest of the system of local organisations is working well.

### *Leadership*

Successful regeneration processes have important leaders too. Often there are key individuals, such as a mayor or an identified champion. But more commonly such individuals are joined by teams of people who ally themselves with the designated leaders to broaden the team and the pool of leadership resources. This is very important. Regeneration and local development rely significantly on the ability to generate greater confidence in long-term possibilities despite poor current conditions. These “leaps of faith” are usually essential to get through cynicism, scepticism, and other barriers. Vision building is a key leadership task, but so too is relationship building. Under-performing local economies often lead to fractured societies and entrenched hostilities. Using the relationship building to overcome these problems is essential to unlock regeneration potential.

Leadership must also connect the place to the external world. This means connection to markets and opportunities and with the locality. It also means making connections with neighbours and higher tiers of government. Much of what the leaders must do is to generate confidence outside the place in the future that is being created, and it must demonstrate that there is now a clear path to a more successful future and local leaders who can be trusted with resources and opportunities that they have not appeared able to manage before. This is a sales and promotional task, but it will only work if there is genuine internal change that creates new conditions for external investment and support.

### *In conclusion*

**Effective local development and regeneration do not happen by accident.** The proven method suggests that working simultaneously to create and foster leaders, build strategy, and create a system of delivery is essential for the process to endure into the longer term effort required to make a meaningful impact. The essential insight has been that local development is an integrated process that works over cycles. Integration means that economic, social, environmental, spatial, and institutional processes are interdependent and either mutually reinforcing or contradicting. In local development, these elements have to be combined in purposeful ways that often require “whole-of-government” and “multi-sector partnership” approaches. At the same time,

local development has clear cycles. In terms of urban regeneration, there are gradual cyclical shifts from focusing on spatial and environmental dimensions to accruing stronger interventions in market economies and with social and institutional development. A regeneration plan is a means to define both the development path and also to assess the arrangements that will bring it about.

### **The OECD LEED Programme and Derry~Londonderry**

In fulfilling the mandate accorded to the LEED Programme by the Secretary General, 36 member countries, the European Commission and the Andean Development Corporation, Derry~Londonderry has participated in projects since 2008. Ilex URC has been the “vehicle” through which the city has engaged with the OECD but the three interconnected activities focusing on strategy, system and delivery have been broad multi-stakeholder processes benefitting from Ministerial and Executive input. The OECD LEED Programme has brought 30 years of expertise in local development, often in challenging contexts, to the city of Derry~Londonderry. However, Derry~Londonderry in turn is making an important contribution to international learning on local development, particularly the approach to strategy making and stakeholder engagement which has emerged. The peer review, carried out in the second half of 2011, continued the process of multi-stakeholder consultation to provide city-wide recommendations focused on delivering the ambitious goals set out in the “One Plan”.

### **The Derry~Londonderry context**

Derry~Londonderry is at a pivotal moment. It is a city deeply affected by political and economic circumstance. The 1998 Peace Agreement marked a new era, and since that time the city has sought to redefine itself. The socio-economic legacy of “the Troubles”, economic restructuring and physical peripherality have meant that the decade of economic growth which benefited other parts of the region have not brought about significant change in the city. This scenario is evident elsewhere in the United Kingdom and other OECD member countries and like other lagging areas Derry~Londonderry is redefining its economy as the world emerges from a global economic crisis. The challenges ahead are immense; however, it is a resilient city. It is a city that benefits from strong political leadership and a genuine commitment to reshaping its economy based on principles of equality and sustainability. Delivering local development is now a shared priority of politicians, public officials, citizens and other stakeholders. Reaching this point has not been easy. A number of factors have brought about this cultural shift: the One Plan, Derry~Londonderry designated UK City of Culture in 2013, and the iconic “Peace Bridge”.

Derry~Londonderry is looking outwards. It is engaging globally to learn and to move forward. This approach will be crucial to maintaining the momentum for change but change will not come easy. Local development is affected by political and business cycles, economic and political shocks and its outcomes are often long-term. Prioritising and facilitating some short-term gains will be critical. UK City of Culture 2013 is Derry~Londonderry’s big win – the opportunity for short- and long-term gains. Seizing the momentum of this as the One Plan comes into effect is Derry~Londonderry’s pivotal moment.

### Box 1. Derry~Londonderry: a socio-economic profile<sup>1</sup>

#### Labour market and employment rates

- In the 15 years before the economic crisis, the labour market grew by 10 000 peaking at 50 000 in 2008.
- In 2008, the city had a working age employment rate of 59.4%, ranking it 86<sup>th</sup> out of a total of 86 UK areas. In 2010, the working age employment rate was 55.4%, compared to 65.8% in Northern Ireland.
- Almost 40% of the workforce is employed in the public administration, health and social work and education sectors.
- Following public expenditure cuts, it has been predicted that it will “take until the end of 2017 for the local economy to return to its 2008 peak level of employment.”
- In February 2012, 8.4% of the total working age population claimed benefits compared to a Northern Ireland average of 5.4%.
- 5.6% of residents could envisage starting their own business in the foreseeable future (Ilex, 2010).
- In 2011 there were 2 670 enterprises operating and a total of 97.8% of firms employed less than 50 people and 10 firms employed over 250 people

#### Population

- Derry~Londonderry is the second largest city in Northern Ireland. In 2010, its local government area population was estimated at 109 826 and its functional economic area population at around 350 000.
- The city also has “one of the youngest demographics” on the island of Ireland with almost 40% of its citizens under the age of 25.
- By 2020, the population is expected to grow by 5.6% and net migration in the medium term is expected to “remain negative.”

#### Skills and qualifications

- In 2009/2010, 78.9% and 79.0% of school pupils achieved key stage 2 level 4+ in maths and English respectively. The average for Northern Ireland was 82.5% and 81.4% for maths and English respectively.
- In 2009/2010, 45.7% of enrolments in further education colleges were aged under 19 compared to an average for Northern Ireland of 50.5%.
- In 2010, 26.0% of the population aged 16-64 achieved NVQ level 4 or higher compared to a Northern Ireland figure of 26.9%.
- In 2010, 24.7% of the population aged 16-64 had no qualifications compared to a Northern Ireland figure of 20.4%.
- Nearly a quarter of all residents do not feel that education is important in their lives.

#### Average earnings

- In 2011, the median gross weekly earnings stood at GBP 489.9 per week compared to GBP 450.6 per week in Northern Ireland.

**Box 1. Derry~Londonderry: a socio-economic profile (cont.)**

- In 2008, the resident median gross full-time weekly wage was GBP 406.2, ranking the city 81<sup>st</sup> of a total of 86 UK areas.

**Health and well-being**

- In 2010, a total of 10 of Northern Ireland’s 50 most deprived wards were situated in the city.
- In 2010, the child poverty rate was 38% compared to a rate of 9% across Britain in 2009.
- Between 2008 and 2010, male life expectancy was 75.5 years, placing the city 384<sup>th</sup> out of a total of 404 UK local areas.
- In 2011, nearly one in five working age residents in some wards received disability living allowance (DLA).
- In February 2009, the annual incapacity benefit rate per capita was GBP 240. This placed the city as the worst affected of all 86 UK areas.
- In April 2008, 12.5% of GP patients were being prescribed drugs for mood and anxiety disorders, compared to a Northern Ireland average of 11.5%.
- A 2009 resident survey revealed that within the top 10% disadvantaged communities, over 75% of residents had lived in the neighbourhood for more than ten years.

***Regeneration Plan for Derry~Londonderry 2020: One City. One Plan. One Voice***

By 2008, local leaders in Derry~Londonderry agreed that existing plans for the regeneration of the city were “not progressing fast enough due to a lack of any guiding coalition and ownership” (Ilex, 2011: 91). After having appraised the situation, the newly appointed Chairman of Ilex URC, Sir Roy McNulty, stated that “**we need some changes in our level of ambition and mindset so that Derry’s regeneration can move forward faster and deliver more significant results in the years ahead**” (Ilex, 2008: 5). As a result, a process of engagement and analysis began with key stakeholders in the city about the future Derry~Londonderry. Almost two and a half years later, this process culminated in the production of the 2011 “Regeneration Plan for Derry~Londonderry 2020: One City. One Plan. One Voice” – the One Plan.

The 2011 “Regeneration Plan for Derry~Londonderry 2020: One City. One Plan. One Voice” represents an ambitious and far-reaching local development strategy with a time horizon of just under a decade. Its publication marked the end of a comprehensive process of engagement and consultation as well as the start of a process that local economic leaders believe will deliver a “**step-change**” that will be both “**place-shaping and life-changing**” for the City of Derry~Londonderry and its people (Ilex, 2011: 3).



## Assessment and recommendations

The OECD Review set out to extract international best practice and proposes constructive recommendations to enable the long-term mission to **deliver economic, physical and social renewal in the city and its region** to be fulfilled.

The overall assessment is that:

- The ambitious and appropriate One Plan has been prepared through a highly inclusive process of collaborative endeavour, ably led by Ilex.
- A local leadership structure has been created to take the One Plan forwards.
- Central government has engaged with the One Plan and is on its way to developing the programme of support necessary to implement it.

This represents a considerable achievement which should be recognised by all involved. This report recommends ways to translate the One Plan into implementation and calls for heightened co-ordination and commitment to make rapid progress on the long road to the regeneration of the city.

### The need for regeneration planning in Derry~Londonderry

#### *Why do cities have regeneration plans?*

From the OECD's international experience there are multiple reasons for a city to have a regeneration plan:

- Regeneration plans provide a means **to build a common agenda and to think and plan for the long term, and act consistently** over a long development cycle, within a culture which is often short term in nature. Regeneration plans can be the subject of “multi-party agreements” that can span several business cycles and many electoral cycles.
- Regeneration plans provide a means to **translate visions, values, and ambitions into practical programmes** of governance, investment, and project management. As such they can link the aspirations of politicians and citizens into one shared plan with practical delivery arrangements.
- Regeneration plans provide a **mechanism for the prioritisation of key projects and interventions** which will have the most impact on long-term priorities.
- Regeneration plans are “**integrated plans**” and provide a means to see linkages between different aspects of city development and to understand complex phasing and sequencing issues and critical paths to success. For example, regeneration plans often show links between land use, transport, housing, and environment, or between education, skills, economy, and productivity, or between planning, branding, and promotion.

- Regeneration plans help to **overcome co-ordination failures** in city government and wider city governance by acting as “joint plans” between multiple departments of city government and between the city government and other entities.
- Regeneration plans are a **communication tool that link past, present, and future** and tell the story of the city and its development in ways which are visible and practical and allow stakeholders and citizens to imagine the future of the city and major change with greater confidence.
- Regeneration plans provide **a means to understand and articulate investment opportunities and priorities** and to frame potential for joint investment between multiple parties. They should act as part of investment prospectus between different tiers of government and other sources of investment capital.
- Regeneration plans provide **a common evidence base, and persuasive “case”, and a common time-cycle** for other kinds of plans acting to improve the coherence of all planning overall and bring existing plans closer together.

Because local government and local partners often control land-use planning but may not control other aspects of administration and investment in the city, regeneration plans are a means to use spatial tools to shape and influence other parts of society, the economy, and government. Regeneration plans have a spatial character but are designed to use space to integrate otherwise separate interventions.

Equally, because they aim to be long term in nature, they often require multi-party sign off and governance even if leadership comes from a smaller group. It is important therefore to have some participative oversight on the plan. The idea is that it should command enough consensus that it would be able to continue even if the party in power changes.

### **The key role of regeneration planning in Derry~Londonderry**

In Derry~Londonderry successful regeneration planning is an essential element of what is required to move the city forwards. Only by creating the common agenda for the future can the challenges of the past be addressed. By providing an ambitious and well-conceived path to a better future for the city and citizens, the whole community can begin the process of creating a better future. For Derry~Londonderry, regeneration planning offers a means to foster a better economy with new sources of jobs and incomes, and to build a better city, with good public services and a wider range of amenities and facilities. From this point of view, it is important to recognise that the new One Plan:

- offers a clear vision for the future which is consistent with the past and the changing environment in which cities operate;
- integrates economic, social, physical, civic development and investment processes so that they can reinforce each other and provide better outcomes for the government, investors, and citizens;
- locates the role of both urban regeneration projects and major events in shaping and catalysing the regeneration process;
- provides a basis for common investment between national and local government.



Put most simply, the regeneration planning approach now taking shape in Derry should help the city to avoid some of the common problems that have been experienced in other cities where development processes have sometimes been too short term, too top-down in nature, or focused on addressing only one or two elements of what is required to make change permanent.

## **Overall progress in Derry~Londonderry**

Three key areas of substantial progress in Derry~Londonderry can be identified.

### ***One Plan has been prepared and commands widespread support within the city***

The people and organisations based in Derry~Londonderry have successfully developed a shared plan for the regeneration of the city for the first time. This is an enormous achievement given the multiple challenges involved in producing such a plan and the alliance of organisations that have been involved deserve substantial credit for this achievement.

The plan includes a shared vision for the future of the city, and combines social, economic, and physical development dimensions with a strong accent on improving the environmental performance of the city as part of a drive for enhanced quality of life and improved standards of living for all people in the city. The plan identifies clear themes and courses of action and includes catalytic projects and interventions which can act as accelerating devices of the regeneration of the city and its communities.

### ***An alliance of local organisations is in place to take the plan forwards***

A wide-ranging and multi-stakeholder partnership has been formed to prepare the plan. This alliance of organisations has also formed itself into a network organisation to aid the implementation of the plan and it has established a local Strategy Board in order to build the platform for implementation.

Continued work is required to build the capability of the alliance of the organisations that have produced the plan to act in concert to promote the shared plan. Derry City Council must develop the role of leading and co-ordinating with stakeholders, the private sector must continue to commit to a broad development vision, and specialist organisations such as Ilex URC must evolve to be both capable implementers of key parts of the plan, and play a continued role in helping to make partnership and collaboration work.

Many of the existing institutions are not yet appropriately skilled or structured for delivery of the regeneration plan. There is limited experience of delivering regeneration and much attention will be required to building the capacity required to make it work. The One Plan needs to be as much about reforming the delivery system as about service delivery.

### ***Central government is becoming an important partner in the One Plan***

Given the unique governance context in Northern Ireland, the central government (the Northern Ireland Executive) holds the vast majority of the financial and other resources required for any process of regeneration to succeed. The Northern Ireland Executive supported the preparation of the plan from Ilex URC. The central government's response to One Plan has been positive, with the Northern Ireland Executive's commitment in the

new Programme for Government. The actions/milestones of central government will determine whether the plan develops momentum or not over the coming years. The extent to which the goals of the plan are achieved will depend in large part on how central government supports the implementation of One Plan and it is impossible to implement the plan without active central government support through a process of alignment and commitment with central government budgets and programmes. This is an essential step.

The plan is a considerable starting point for what is needed and it can also be augmented with additional dimensions as implementation of key priorities is secured. The plan needs a strong system based on delivery that implies new governance tools, a decentralisation process from Belfast to local authorities, and an organisation that “owns” the process, that is responsible for the process and leads it.

The implementation of this plan will also face extraordinary challenges and there is a primary imperative to continue, and reinforce, the joint work that has been achieved, to both find and build mechanisms and paths for delivery.

The context for implementing the plan is tough. Weak economic demand coupled with public finance cuts and a comparatively weak institutional framework means that there are limited resources available to work with. **It will therefore be critical to make incremental progress steadily, fully use the available resources and catalysts, and maintain patience and determination in the face of difficulties.**

Most importantly, the plan must be used to embed agreed priorities within the wider framework of resource allocations from central government, the UK Government, the European Union, and other sources of investment. Embedding the plan, and aligning investment processes with it, are key to bringing the vision of the plan to life.

## The One Plan

The plan has an overall vision of creating a “competitive, connected, creative and caring city” whilst its mission is to deliver “renewal – economic, physical and social, building a stronger and more vibrant economy with increased prosperity for our city and region in ways which ensure that opportunities and benefits from regeneration are targeted towards the most deprived groups in our communities” (Ilex, 2011: 5). At the same time, the plan is underpinned by the two guiding principles of “mainstreaming equality” and “embedding sustainability” and has three overarching, tangible objectives which include:

- 12 900 net additional jobs by 2020 and 16 200 jobs by 2030;
- GBP 500 million of additional gross value added (additional wages and profits) to the economy by 2020 rising to GBP 800 million in 2030; and
- improvements to the fiscal balance by GBP 185 million in 2020 relative to the baseline (Ilex, 2010; and Ilex 2011: 86).

At its core, the One Plan is designed as a “set of interconnected projects that would help re-orientate the city towards a new trajectory of inclusive and transformative economic growth” (Ilex, 2011: 90). The overall framework of the plan is very clear, with proposed local development interventions organised into 5 transformational themes and 11 catalyst programmes. The plan is a ten-year programme aimed at delivering monumental change for the city. Long-term visioning is essential if a city is to achieve sustainable outcomes. The approach taken in Turin outlined in Box 2 is an important

example for the city to understand the long-term potential of its plan but firmly establishes the importance of adapting to changing circumstances and understanding regeneration for the dynamic process that it is.

### Box 2. Regeneration planning in Turin

There have been three critical strategic projects which have contributed to the transformation of Turin from a one-company, heavily industrialised town into the vibrant, modern metropolis that it is today: *i)* the 1995 Urban Plan; *ii)* the 2000 Strategic Plan; and *iii)* the 2006 Winter Olympic Games.

The 1995 Urban Plan: “A vision for the physical re-configuration of the fragmented industrial city which had developed around the Fiat factories.”<sup>2</sup>

The 2000 Strategic Plan for the Promotion of the City: “An integrated economic development document, which sets collaboratively determined objectives relating to the future of a city’s economy...to be implemented by 2011.”<sup>3</sup>

The 2006 Winter Olympic Games: an event that not only showcased the Turin offer to the world, but which also saw USD 1.02 billion investment into the city’s infrastructure platform.<sup>4</sup>

The impact of both the Urban Plan and the Strategic Plan was undeniable. The Urban Plan galvanised the regeneration of 2.1 million square metres of brownfield land across four sites as well as leveraging EUR 2.45 billion of public and private investment.<sup>5</sup> The Strategic Plan also proved decisive. The Plan provided a long-term “road-map” for Turin’s future. Because it was developed in highly collaborative way, the Plan achieved buy-in at every level from key stakeholders across the city. It was strongly rooted in the city and its particular characteristics. As a result, it created a spirit of “combined action” across Turin, which “reduced the risks of duplication or working at cross-purposes” and created new “synergies across projects” that maximised value-added.<sup>6</sup>

The Plan was “possibly the city’s most important recovery tool” from the crisis of the 1980s.<sup>7</sup> If the Strategic Plan set the framework for recovery, it is the 2006 Winter Olympic Games that is celebrated as the pinnacle of the transformation of Turin from a failed “one company town” to a thriving, modern knowledge city. The Games accelerated “into the physical transformation of the city” and “created a platform for further investment to consolidate and enhance improvements since the launch of the Strategic Plan in 2000.”<sup>8</sup> As well as showcasing to the world how far Turin had come since the crisis of the 1980s, critically, the Games restored to the people of Turin a sense of pride in their city. And as former Mayor Castellani puts it, it is the “self esteem of the community” that has been the “fuel of the economic transformation” since the Winter Olympic Games.<sup>9</sup>

In July 2006, the first strategic planning document was updated in order to respond to a socio-economic context that had changed even further, creating new necessities and different growth objectives

The 2006 Strategic Plan for a Knowledge Society: a new development strategy for the city which meets the new challenges of Turin’s new operating environment and which aims to continue the city’s transformation from one-company industrial town to a thriving knowledge-based economy.

According to the “2<sup>nd</sup> Strategic Plan for a Knowledge Society”, the keystone for completing this transformation is investment in human resources and innovation, and valorisation of the patrimony of local competences in order to adapt them to the new global context. Work on the preparation of the 2<sup>nd</sup> Strategic Plan began in January 2005, and was co-ordinated by thematic commissions entrusted with the duty of exploring scenarios, objectives and possibilities.

### Box 2. Regeneration planning in Turin (*cont.*)

The commissions met in plenary sessions and in small groups, experimented forms for involving the citizens, promoted conventions and organised political and institutional encounters. They explained the planning process through publications and mass communications. As in 2000, the planning process involved over 1 000 people and was driven by the economic development agency Torino Internazionale. Torino Internazionale, a specialised organisation which has been active since May 2000, establishes, activates, monitors and promotes the Strategic Plan. Presided over by the Mayor of the city and the President of the province, Torino Internazionale numbers 121 members including public bodies, institutions, universities, cultural centers, unions, professional associations and companies.<sup>10</sup>

The 2<sup>nd</sup> Strategic Plan hinges upon the idea of a knowledge economy, a development model which is taking hold in the more advanced countries and which leads to an evolution from traditional economic systems to production based on a strong level of planning, study and research.<sup>11</sup>

Specifically, the 2<sup>nd</sup> Strategic Plan is separated into four thematic areas – the metropolitan territory, the quality of society, cultural potential, economic development – to which a fifth, more transversal, theme can be added, concerning the vision of the plan. These areas are divided into 12 project directions involving important topics upon which the territory's development is based: education; creativity; industrial transformation; employment; urban and territorial transformation; cultural resources; promotion and tourism; immigration; accessibility; transportation and mobility; logistics; health and care; homes and urban regeneration.<sup>12</sup>

## Taking the One Plan forwards

Having prepared a comprehensive regeneration plan, the organisations within Derry~Londonderry and the Executive now need to focus on promoting the plan as the key path to the future success of the city and to begin the process of implementing the plan.

### *Promoting the plan*

OECD LEED notes that effective regeneration planning requires active promotion of the plan after the process of plan preparation is complete. Put simply, the plan needs to be promoted actively because the returns to this kind of plan increase over time and through the gradual alignment of multiple organisations and institutions behind the plan. Therefore it is not just enough to have a plan; it must be actively promoted and fostered.

To promote the One Plan, active ownership by all stakeholders is essential. The One Plan has a Derry~Londonderry Strategy Board in place and all of the major stakeholders are involved. Increasingly, central government is also recognised as a key owner of the plan. The plan also needs to be actively owned by Derry City Council and the political parties represented on the City Council. Similarly, the community and voluntary sector must also take responsibility for the One Plan. The Derry~Londonderry Strategy Board should take the collective lead, as planned, and central government and the Derry City Council, supported by Ilex URC, increasingly play the role of lead partners.

As the plan develops into implementation, it will be essential for Derry~Londonderry to have clear champions and advocates. This is not simply a case of arguing for the city in the corridors of power but will much more frequently include presenting the city in

contested markets to win opportunities such as hosting events, new facilities, corporate and institutional investment, and other opportunities. It is vital that an increasing number of people be able to play the role of champions and this should begin with the members of the Derry~Londonderry Strategy Board and the senior politicians associated with the city within local and central government. Such a group of champions should have a common set of presentational material and messages.

An overall programme of active external and internal communication is required to make the plan live. This is a permanent agenda which is an essential element of building and maintaining partnership working across the city and between the city and central government and wider spheres.

In Derry~Londonderry it is apparent that there are a number of challenging tensions that need to be addressed. Chief amongst these is the notion that the equality agenda and the business/economic growth agenda are somehow alternatives or in tension with each other. OECD LEED experience shows that economic growth and business development is critical to growing the range of income-earning opportunities for people, and to ultimately raising the quality of life and standard of living of the entire population. To achieve this, economic and business growth must be coupled with effective skills and employability programmes. Labour markets are increasingly competitive, and local residents have to be supported to compete effectively for jobs rather than to expect that they will be provided to them.

It is more helpful if all parties can adopt a notion of equality and growth, rather than seeing it as an “either/or”. The same goes for the social versus the economic agenda. While it is essential that the historical conflict, divisions and inequalities of the past are recognised and acknowledged, it does not help to remain “prisoners of the past”. The community of Derry~Londonderry need to take ownership of their future, and see themselves in the role of agents of change.

These are all normal issues facing a city like Derry~Londonderry that has recently emerged from conflict, and that is still spatially, economically and politically divided. It points to the need to spend more time on building trust, confidence and self-belief. There is a need for “relationship brokering” and for more “translators” and “matchmakers” in order to make the One Plan work.

It is essential to maintain a sense of common vision, a sense of purpose, and a sense of urgency.

The next big steps are:

1. Building the role of the Derry~Londonderry Strategy Board in promoting and owning the One Plan and advocacy for its implementation.
2. The adoption of the One Plan by central government as the shared plan for the city between central government and local partners, and the alignment of central government investment around the implementation of the One Plan.
3. Development of the wider partnership and system of organisations in their implementation roles.
4. Clear implementation and investment planning to achieve the core interventions required by the plan.
5. A clear and active communications programme which is professionally implemented and sustains long-term momentum and clarity around the One Plan.

Glasgow in Scotland has been one of the more successful promoters of urban regeneration over the past four decades. Beginning with the crisis of the 1970s when the city was widely seen as dangerous, crime ridden, and without an economic future, multiple cycles of regeneration have been skilfully enacted to bring the city decisively forwards.

### Box 3. Urban regeneration in Glasgow

In Glasgow, the process of urban regeneration has been underway for some 30 years. Like many modern cities, there has been a shift away from traditional industries, in particular ship-building and engineering, due to the introduction of new technologies and cheaper production methodologies elsewhere. In the early 1980s, and in the face of economic crisis, city leaders commissioned external economic experts to advise on the way forward. This kick-started the city's reinvention as an urban tourism destination through a combination of new city branding and the use of a series of high-profile pacing events including the 1988 Garden Festival, the 1990 European Capital of Culture, the International Festival of Design in 1996 and the 1999 City of Architecture and Design.

Building on the success and momentum of these events, the city put in place an economic strategy developed primarily by the City Council and the Glasgow Development Agency, with the support of the wider city partners and partnerships. Launched in 1999, this was the first coherent strategy of its kind in Glasgow which took a longer term approach to regeneration, recognising and exploiting the distinct competencies of both public and private sector actors.

Despite significant changes in the wider political and economic arena in the intervening years, the level of commitment to this strategic approach of developing the city's economy has increased with a new, successor economic development strategy launched in 2006 which aims to create step-change in the city's fortunes within a ten-year period. This new strategy takes account of the success of its predecessor, but acknowledges that there remain a number of challenges to the city's economic future. A number of residual issues persist on the regeneration agenda in Glasgow. These include the relative weakness of the indigenous business base and low productivity, the high level of economic inactivity (approximately 90 000 non-employed people in the city who are not looking for work, predominantly because of sickness or disability) and the scale and volume of vacant and derelict land in and around the city. These challenges are reflected in the three strategic priorities:

- moving up the value chain (through higher levels of productivity, competitiveness and innovation);
- shared prosperity (ensuring all citizens benefit from greater prosperity);
- excellent economic environment (aligning the business, physical, cultural and social environment to support innovation and growth).

The strategy is driven by the Glasgow Economic Forum (originally a Scottish Executive initiative) which comprises prominent individuals from the public and private sector. Its delivery relies on a wide range of partners and partnerships and the aspirations within the strategy can only be realised with their full buy-in and participation.

The strategy identifies a number of big-ticket activities which should contribute significantly to the step-change targets. These include Clyde Gateway in the east end of the city which will effectively rehabilitate a large area of land for mixed use, create new arterial routes and generate significant employment opportunities for the residents of that area who have suffered from high levels of economic and social deprivation. An Urban Regeneration Company (URC) has been established to oversee the delivery of the project which has a total timeline of 25 years.

The economic development strategy is complemented by the City Plan which articulates the city's physical development policy.

## *Implementation*

OECD experience suggests that building a shared vision and regeneration path for a city is never easy, but it is essential if a city is to begin a new development cycle in the context of weak demand and multiple needs. The people and organisations in Derry~Londonderry have achieved a historic success in crafting their shared plan. Preparing a plan is the key first step but is never enough on its own. The One Plan must be both **adopted** and **implemented**.

The context for the implementation of the plan is tough:

- Derry~Londonderry is still emerging from conflict;
- the public sector is over dominant in the local and regional economy;
- there is a major economic recession and depressed demand;
- there are major public finance challenges and a programme of austerity.

This means that implementation will have to rely on:

- acute prioritisation processes based on agreement of what matters most;
- optimum use of available resources and alignment of all resources towards the One Plan;
- leverage of opportunities and catalysts.

This will require skill and self-confidence from within Derry~Londonderry and high levels of support from outside. This calls for exceptional and continued participatory leadership. Implementation of the One Plan is highly dependent on managing a complex, multiple stakeholder delivery environment. It is unlikely that the One Plan will succeed unless more attention is given to reforming the local development and delivery system, strengthening the role of local government and the commitment of central government, in ways which maintain and increase the engagement of business and community organisations.

A number of key dependencies can be noted:

- lack of citizen confidence but much passion and aspiration;
- relatively small private sector (with the public sector dominant in the city) but with several key leaders and opportunities;
- lack of economic development capacity, with limited experience of winning opportunities in contested markets;
- exodus of young people with skills from the region;
- relatively weak local government system;
- large majority of development resources and decision-making powers lies with central government.

These are key features of the local context that will shape how the plan is implemented and the extent to which it can achieve momentum. The OECD LEED view is that these are not insuperable challenges but they do represent constraints relative to many other contexts in which successful regeneration has occurred. Therefore, it will be essential for several other elements to be present in order for the implementation of the

plan to proceed in a way in which the various organisations assume their responsibilities and rise to the challenge of ensuring that the One Plan can meet its goals:

- central government must become the chief investor in the plan and its apparatus;
- the role of Derry City Council must be developed actively with capacity building;
- Ilex should continue to evolve as a partnership vehicle between local and central government and include participation of non-governmental partners;
- the private sector role should develop, and it should be encouraged to take an active and visible lead on key projects from an early stage;
- the wider system of organisations should be fostered.

Overall, it is the view of OECD LEED that the arrangements proposed for overseeing the plan are sound but will require firm commitment from central government and a progressive programme of capacity building to make them work well. Addressing the leadership challenges that such a process presents would ensure more effective delivery of the One Plan. Detailed comments follow later for effective implementation.

### *Augmenting the One Plan*

The One Plan offers a very clear and well-conceived approach to building the future of the city. There are opportunities to further develop the plan with additional elements which might better leverage additional resources from outside the known envelopes of governmental investment. OECD LEED proposes six ways to augment the plan and increase its strength:

1. expand the focus on entrepreneurship and job creation growth in the plan;
2. build the proposition for private investors;
3. deepen the proposed work on city identity and reputation;
4. increase the focus on short-term and temporary employment to build the labour market;
5. expand on the development of the regional role of the city;
6. rapidly develop the knowledge and digital economy.

These six themes are developed below, with suitable international case studies provided.

## **Building a stronger enterprise development and job creation programme into the plan**

Transformational theme 1: employment and economy – stimulating the demand for employment through attracting investment in new business both from outside through inward investment and from inside through promotion of entrepreneurialism and the growth of indigenous business (Ilex, 2011: 20).

The plan is relatively light on details of how the private sector economy will be developed in Derry~Londonderry, although this is one of the most urgent and long-term tasks facing the city. Some of this will come from foreign direct investment and through expansions of existing firms and sectors within the city. An important additional source will be the growth of new firms and of small and medium enterprises. This is an area



where the latent potential and aspirations of local people can be matched with skills development and investment to create new long-term sources of jobs.

The “Regeneration Plan for Derry~Londonderry 2020: One City. One Plan. One Voice” has the potential to deliver a lasting social and economic transformation in the city. To realise this objective, this paper will make the case that Derry~Londonderry should nurture the growth of its private sector from its current, relatively low base into a new and vibrant business community. In this way, efforts to foster entrepreneurial activity and business growth should be at the heart of ongoing efforts to deliver the plan.

There is a long way to go. The evidence illustrates that the performance of the entrepreneurial sector in Derry~Londonderry is relatively weak with respect to business creation, entrepreneurial culture and SME friendliness. The city’s private sector also seems to underperform. Rates of GDP growth are low and a scarcity of business leadership organisations suggests that it lacks influence within city and regional institutions. At the same time, Derry~Londonderry has few private employers and many of the city’s jobs are closely linked to public spending dynamics. It also appears that local economic and political leaders could do more to create a pro-business culture within the city.

By deepening its approach to business creation and entrepreneurship, Derry~Londonderry will be better placed to implement the One Plan effectively, achieve inclusive growth and leverage opportunities on the horizon such as the UK City of Culture event in 2013, and most importantly its legacy.

Drawing on the experience of the city of Barcelona, efforts should be made to reinforce objectives and measures that support entrepreneurship within the Derry~Londonderry economy.

### ***Why the current lack of entrepreneurial activity and promotion in Derry~Londonderry?***

There can be many reasons that explain a lack of local entrepreneurial activity. The following points illustrate a number of these with specific reference to Derry~Londonderry:

- A **context of conflict** is often not the right environment for entrepreneurs to express themselves. The current context of peace, on the contrary, opens the door for entrepreneurs to build strong companies based on a sense of freedom and enthusiasm.
- A **lack of a common project and vision for the city** can discourage entrepreneurs as it erodes confidence in the city’s and region’s assets making the decision to create a company in that city or region more difficult. The One Plan will likely be an effective tool to give entrepreneurs the positive image of a city that has a shared vision of its future. The level of detail in the strategy also increases confidence that it will be implemented effectively and deliver increased economic performance.
- A **political culture that is not as supportive of the private sector** and entrepreneurs as it could be. What entrepreneurship means and can provide to city development is still largely misunderstood by many in Derry~Londonderry. The approach taken towards the private sector is sometimes less collaborative than it

could be and private initiatives are sometimes seen as contradictory rather than complementary to public objectives.

- There is a **lack of examples of entrepreneurs** succeeding locally and creating jobs and wealth for the city. With the support of the Londonderry Chamber of Commerce, the growth of high-tech entrepreneurs could be the first step to improving the culture of entrepreneurship entrepreneurialism in Derry~Londonderry.
- There are **few financial tools** designed to support local entrepreneurs in Derry~Londonderry
- There is **no “entrepreneurial ecosystem”** in Derry~Londonderry. The concept “entrepreneurial ecosystem” refers to a co-ordinated range of institutions, where each institution is responsible for one or more activities that support the growth of entrepreneurship. These activities include, for example coaching, promoting, training, funding, incubating and connecting entrepreneurs.
- Although self-employment is rising in the city due to the economic crisis, it appears that **self-employment is not seen as a seed from which to grow entrepreneurial activity** in Derry~Londonderry.

### *Towards an entrepreneurial Derry~Londonderry*

If properly deployed, local development tools can be an effective way to foster entrepreneurship in contexts that, like Derry~Londonderry, initially lack entrepreneurship and have low rates of business creation.

Some institutions point out that business creation tools belong to national and sometimes regional governments, while at the local level there is little scope to influence entrepreneurial activity. Using this logic, the scarcity of locally designed policies to support entrepreneurs in Derry~Londonderry suggests that improving the city’s entrepreneurial environment is the responsibility of higher tiers of government.

Although an overarching, clear policy for entrepreneurial growth by the Northern Ireland Executive is important, there are many things Derry~Londonderry can do to improve its own approach to entrepreneurship over the medium to long term.

A local strategy to foster entrepreneurship in Derry~Londonderry could have six core components:

- promoting entrepreneurship;
- celebrating entrepreneurship;
- coaching and training new entrepreneurs;
- incubating entrepreneurs;
- connecting entrepreneurs; and
- funding entrepreneurs.

Before discussing each of these six elements in turn, the following section examines the strengths that Derry~Londonderry can leverage in support of a long-term approach to entrepreneurial activity.

### ***Derry~Londonderry’s existing entrepreneurial strengths and potential sources of future growth***

There is evidence to suggest that Derry~Londonderry already possesses a number of the key ingredients required to grow a strong entrepreneurial sector.

First, the launch of the One Plan creates an opportunity to craft and deliver coherent policies that support and foster entrepreneurship in Derry~Londonderry. For the first time there is a “shared vision” about what Derry~Londonderry would like to become and how this transformation is to be achieved. Though entrepreneurship is not central to the plan, the fact that it is identified as an issue provides some foundation for a more direct approach to its development.

Second, entrepreneurs require stable and non-hostile environments. As such, the peace process represents another opportunity for Derry~Londonderry to foster entrepreneurial activity and business growth through targeted interventions.

Third, the UK City of Culture 2013 designation represents perhaps the most significant opportunity for entrepreneurship in Derry~Londonderry. In the 21<sup>st</sup> century, culture and creativity are regarded as high growth and high potential areas for entrepreneurship. Accordingly, the UK City of Culture year could have a major catalytic effect on entrepreneurial activity in Derry~Londonderry if steps are taken to create the right enabling environment or “entrepreneurial ecosystem”. This could constitute one of the year’s key legacies.

Fourth, major investment at keynote development sites across Derry~Londonderry could provide the physical space and impetus for the development of specialist spaces for the coaching, incubation and hosting of new companies. Such facilities could provide the opportunity for the “organic growth” of SMEs established by the people of Derry~Londonderry or for those from outside the city who see the city as a home for their new business.

Fifth, the visitor economy represents a potentially fruitful path to rapidly increase entrepreneurial activity in Derry~Londonderry. Because of its location, history, attractiveness and heritage endowments, the city could feasibly strengthen its visitor economy. This is particularly true in the light of the UK City of Culture 2013 designation, which could be used to kick-start an entrepreneurial drive in Derry~Londonderry.

Finally, the recent increase in self-employment in Derry~Londonderry is a sign that entrepreneurial activity, if nurtured, could grow significantly stronger across the city.

### ***Creating an entrepreneurial strategy for Derry~Londonderry***

#### ***Promoting entrepreneurship***

To promote entrepreneurial activity in the city, Derry~Londonderry could develop a campaign to raise awareness about the importance of entrepreneurship. This is particularly pertinent to Derry~Londonderry as the private sector is not always viewed as positively as it is in other cities.

Promoting entrepreneurship can be done in three different ways:

- **Amongst citizens.** The need to foster entrepreneurship amongst citizens is urgent in Derry~Londonderry, particularly because self-employment is growing quickly in the city in response to the economic crisis. Creating a single point of access for

new entrepreneurs could become a powerful tool to begin raising awareness about entrepreneurship. The development of campaigns that showcase the experiences of existing entrepreneurs could also be an effective means to show citizens that developing their own business projects is a viable career path. Such a campaign should also emphasise that successful self-employment can be learnt.

- **Amongst public leaders.** There is an urgent requirement for Derry~Londonderry’s public and civic leaders to articulate their support for entrepreneurship more clearly. Specifically, these leaders could communicate a better awareness of the significance of a stronger private sector in Derry~Londonderry.
- **Amongst existing institutions.** Across the system for local development, organisations in Derry~Londonderry should find their own distinctive way to promote and facilitate entrepreneurial activity. Each entity should clearly identify its role in relation to entrepreneurship so as to avoid gaps and overlaps in the “entrepreneurial ecosystem”.

### *Celebrating entrepreneurship*

Celebrating entrepreneurship often goes hand-in-hand with entrepreneurship promotion. Derry~Londonderry should identify its local entrepreneurs and celebrate their success with awards or other forms of public recognition. Their example could inspire and create momentum for further entrepreneurial activity in the city. Celebrating entrepreneurship can also act as a mechanism to join together all of the actors across the “entrepreneurial ecosystem”.

The UK City of Culture 2013 designation could be leveraged, for example, to celebrate the success of creative entrepreneurs in Derry~Londonderry, or could provide a platform for an international entrepreneurial awards ceremony for entrepreneurs from across the island of Ireland, the United Kingdom and Europe.

### *Coaching and training new entrepreneurs*

There are many ways in which local action can support entrepreneurship. However, the intervention that can add perhaps the most value is the provision of services to coach and train entrepreneurs. This is because a lack of support during entrepreneurs’ attempts to create a company is one of the key contributors to the failure of new businesses.

#### **Box 4. The Barcelona “Day of the Entrepreneur”**

One of the most successful ways Barcelona has promoted entrepreneurship has been the creation of an annual event to celebrate entrepreneurship in the city and bring together all of the actors that have a stake in entrepreneurial activity in the area.

The “Day of the Entrepreneur” has its origins in an award ceremony that Barcelona Activa organised each year to give several awards to its entrepreneurs. The ceremony was organised in such a way that those attending – entrepreneurs and public authorities alike – felt like they were part of a major event such as the Oscars. The purpose of the event was to identify local entrepreneurs (entrepreneurs put themselves forwards for an award), to rank them with the assistance of a judging panel (which provided an excuse to invite local business leaders to talk about entrepreneurship), to involve local media (the media runs pieces on the winners and explains their backgrounds), and to create momentum behind entrepreneurial activity in the city on an annual basis.

#### Box 4. The Barcelona “Day of the Entrepreneur” (cont.)

After several years, the “Day of the Entrepreneur” idea emerged as a way to celebrate entrepreneurship at a larger scale.

The “Day of the Entrepreneur” is a one or two day event which is 100% devoted to a full spectrum of entrepreneurs in Barcelona – from those with a new business idea to experienced entrepreneurs with fast growing companies. The event provides participants with everything they need to know about entrepreneurship in the city. A wide range of activities are organised from “training capsules”, awards and organised networking opportunities to one-to-one meetings, exhibiting spaces for new companies to showcase what they offer and space for companies to sell services to entrepreneurs. The event also provides those working to support entrepreneurs a place to meet and receive training.

The “Day of the Entrepreneur” was led by Barcelona Activa and made possible by the support and proactive role of all the institutions that have a stake in entrepreneurship in the city. In this way, the “Day of the Entrepreneur” was a key means to mobilise and achieve the buy-in of a wide range of partners from universities, business schools, social economy organisations, unions, employer organisations, banks, venture capitalists, angels and so on. Each stakeholder fully participated in the “Day of the Entrepreneur” event. As a result, after a number of years, Barcelona was able to formalise a catalogue of actors and services devoted to entrepreneurship in Barcelona. This helped to define the Barcelona “entrepreneurial ecosystem” and support its growth.

The “Day of the Entrepreneur” event itself is attended by approximately 12 000 people and more than 70 institutions each year. Today, the “Day of the Entrepreneur” model is being developed in all the Spanish regions and several European cities are developing similar events. Last year, the event was hosted in the Barcelona Convention Centre to allow for its growth and is now considered one of the major south European meeting points for entrepreneurship.

The event is now named “BIZ BARCELONA”.

There are a number of options available for the training and coaching of new entrepreneurs at the local level. Characterised by “proximity” to entrepreneurs, a number of these interventions include:

- **Business creation information and support.** Sometimes regulations are so difficult to understand that the creation of a physical and virtual portal that provides clear and relevant information with respect to business creation can be a highly effective form of support. There can be a key role here for public administration as well as the chamber of commerce. The provision of this service should be both: *i*) physical – an accessible, high-quality and “professional” space is required to provide this information; and *ii*) virtual – a website could be developed to provide entrepreneurs with the very latest information about company creation.
- **Training “capsules” to respond to a broad range of entrepreneurial needs.** At each stage of the development of their business, entrepreneurs will require technical or moral support. To respond to their needs and to accelerate the process of business creation and growth, practical training courses and mentorship are critical.
- **Business plan coaching.** Every new company requires a business plan to present its business idea, company, team, strengths, weaknesses, competencies, and plans for growth. Accordingly, the provision of business plan assistance to

entrepreneurs is a key value-added activity. Business planning can be coached both face-to-face as well as virtually.

#### Box 5. The Barcelona Activa Entrepreneurship Centre

Located on the first floor of Barcelona's main business incubator, the Barcelona Activa Entrepreneurship Centre offers to all entrepreneurs a wide range of services dealing with the process of transformation from business idea to the establishment of a company with a coherent business plan.

The centre is a 1 000 square meters space, furnished in a modern business style. It is easily accessible and has purpose-built spaces designed to communicate that being an entrepreneur is an important job and that entrepreneurship is a significant issue for the local economy.

The centre is managed according to a special methodology designed by Barcelona Activa and called "the blended model". It consists of a combination of:

- **Online services:** a powerful website ([www.barcelonanetactiva.com](http://www.barcelonanetactiva.com)) has all the information a local entrepreneur might need and online tools to develop the business idea, the business plan, team building or funding mechanisms.
- **On-site spaces:** these areas allow entrepreneurs to receive information, training and/or book rooms to meet with other entrepreneurs, potential clients, partners or financial institutions. The 1 000 square meters space has an auditorium with a capacity of 100 people, 6 classrooms with a capacity of 20 people each, 2 private meeting rooms, a networking space, and a resource centre for entrepreneurs that is equipped with more than 30 internet-ready workstations.
- **Personalised coaching:** the centre also provides added value personalised coaching where entrepreneurs can receive mentorship from an expert that will coach, assess and train the entrepreneur on technical and strategic issues with reference to their business plan.

The centre has experienced a significant increase in user-demand in recent times. A total of 60% of the nearly 2 000 business projects coached at the centre each year are established as a company. The centre has also been replicated in other cities worldwide such as Bogotá or Medellín.

#### *Incubating entrepreneurs*

The development of a business incubation system is a tried and tested approach to new business creation and growth. Business incubation systems can have different scopes and objectives depending on the type of entrepreneurship they aim to foster.

For Derry~Londonderry, the development of a business incubator system appears to be a good option due to the existence of a number of empty sites with development potential and keynote sites that are under development. Locating business incubators and business centres at these sites may be a good way to demonstrate a tangible commitment to entrepreneurship. There are many types of business incubator:

- **Multi-sectoral incubators.** These incubators do not specialise on a single sector and aim to physically incubate a range of entrepreneurs. Usually publicly sponsored, these incubators represent a first step towards a comprehensive approach to business incubation. There will be a logistical challenge to create and furnish a high-quality environment for new businesses but the benefits could be

significant. Entrepreneurs at the incubator would receive a space (which is sometimes subsidised), coaching, and the benefits of sharing an environment with other entrepreneurs whose companies are at a similar stage of maturity.

- **Specialised incubators.** In the light of the city’s UK City of Culture 2013 designation, the development of an incubator for creative businesses could be a very effective means to catalyse the creation of an entrepreneurial environment in Derry~Londonderry. There appear to be plans for an incubator for creative business for the Peace Bridge area. This incubator could become symbolic of Derry~Londonderry’s new approach to small business creation and growth.
- **University or scientific incubators.** Incubators that are created with a research and innovation mandate are sometimes located within or nearby universities, research centres or technological parks in order to bring together researchers, laboratories, research facilities, companies and start-ups.
- **Regional incubators.** As well as supporting local entrepreneurs, Derry~Londonderry could also provide high-quality, highly accessible and low-cost business spaces to regional entrepreneurs to foster their new ventures.

#### Box 6. The Barcelona Activa Business Incubator System

Barcelona Activa was created as a multi-sectoral public business incubator in an old industrial warehouse. Today, Barcelona Activa runs three business incubators across Barcelona and promotes two business centres that specialise in newly established ICT companies.

The three business incubators Barcelona Activa runs are managed on according to three different methodologies.

The multi-sectoral innovative incubator is a 3 000 square meters space designed to foster business-to-business co-operation amongst innovative companies. To be part of the incubator, a start-up needs to be younger than 12 months old; have a coherent, feasible and innovative business plan that is approved by Barcelona Activa; and agree on a philosophy of business co-operation. Companies can stay within the incubator for a maximum of three years and can gain access to a network of companies and activities devoted to business growth, funding, clients, and global networks. In their fourth year of operation, companies that were established in the business incubator have a survival rate of 80%.

The Tech Park Centre is located in a deprived area of the city with low economic activity. It is a huge 10 000 square meter building that hosts a business centre focused on innovative engineering companies. Around 44 companies are located there. They receive real estate services as well as networking, funding, and access to clients services. To qualify for the incubator, a company must have at least 15 months of activity. The centre is sector specific due to the importance the city wants to give to innovation processes within the engineering sector

The Business Factory is the latest business incubator launched by Barcelona Activa. It has been designed to become an incubator of incubators, where universities, research centres, professional institutions, and venture capitalists may incubate their own companies in a co-operation model process.

### *Funding entrepreneurs*

Providing access to funding could represent a significant constraint to Derry~Londonderry's approach to entrepreneurship. Should funding gaps emerge, public action will be required to provide entrepreneurs with the initial finance they require to build a sustainable business.

There are different types of funding for entrepreneurs a city such as Derry~Londonderry can provide:

- **Micro-credit schemes.** Micro-credit schemes are one of the most suitable options for local entrepreneurs aiming to foster self-employment or small business projects that require small investments and low guarantees.
- **SME loan guarantee schemes.** A notable cause of SME failure is the refusal of banks to grant loans to start-up companies that lack a track record. New businesses often lack the capacity to provide loan guarantees. Public action could be co-ordinated through the business incubator to match SMEs with appropriate bank loans and then support them with the either public or technical loan guarantees.
- **Angel investor schemes.** Although the private sector appears to be relatively scarce in Derry~Londonderry, the OECD team identified a number of business leaders and professionals who aim to foster entrepreneurship and professional success in the city. An “Angel Fund” for local entrepreneurs could be organised in Derry~Londonderry to motivate the business community to invest in new ventures.
- **Seed capital.** Though it would perhaps be the last step to take, there is a need to continuously monitor the United Kingdom's seed capital environment to sustain and enhance the “entrepreneurial ecosystem” in Derry~Londonderry. This approach could also support an “entrepreneurial drive” in relation to the UK City of Culture 2013 designation.
- **Philanthropic funds.** Consider the use of philanthropic funds to leverage bank loans and investment. Examples from Israel<sup>13</sup> and the United Kingdom are particularly relevant.<sup>14</sup>

#### **Box 7. Accessing bank loans through the Barcelona Activa system**

Barcelona Activa's Entrepreneurship Centre allows the organisation to coach thousands of entrepreneurs with a range of backgrounds. The quality of the coaching and training provided has won the organisation credibility among the financial institutions. This factor, together with the public sector support the centre already receives, has allowed Barcelona Activa negotiate with the main financial institutions in the Barcelona region for improved access to finance for SMEs.

Business coaches in Barcelona Activa are asked to identify projects that can be presented to banks and other financial institutions for funding. Each week, several officials from the financial system come to the Entrepreneurs Centre to meet with entrepreneurs. Entrepreneurs are then selected for interview by banks according to a technical assessment they undertake to establish the entrepreneur's suitability for credit. This “matching” process allows entrepreneurs to prepare themselves for scrutiny by banks and allows financial institutions easy access to entrepreneurs with strong business plans.



### ***The role of local leadership in the development of an entrepreneurship strategy***

Local leadership is a key factor in the delivery of a successful entrepreneurship local strategy. If a local “entrepreneurial ecosystem” is led effectively by local agencies and authorities in collaboration with the private sector, entrepreneurs feel more confident and that they belong to city where a range of partners are committed to their success.

Barcelona has been promoting entrepreneurship under the guidance of a single strategy for the last 25 years. A total of three different local administrations have adopted the city’s single-minded objective to build and celebrate Barcelona as an entrepreneurial capital. Although the precise tactics have varied, three mayors have lead the strategy by providing strong support to services and polices designed to promote entrepreneurship as well as to individual entrepreneurs themselves.

Barcelona has organised its strong local leadership approach to entrepreneurship in three main ways. The first has been the adoption of entrepreneurial policies at the heart of city’s economic development policies. This central status for entrepreneurship and the fact that it has been tied into a number of the major transformative projects in Barcelona has had the positive effect that entrepreneurs have found numerous opportunities also on the back of the city’s transformation. The second factor has been the delegation of political powers to a single City Council department in charge of economic development and to a councillor who has a strong commitment to entrepreneurship. This councillor has also nurtured and maintained strong links with the business and financial community, and acts as champion for entrepreneurship. Lastly, a key factor in the success of Barcelona’s approach to entrepreneurial activity was the creation of a flexible public company that could co-ordinate key interventions, respond quickly to entrepreneurs’ needs and that was 100% oriented towards the client group.

### ***Creating or empowering an agency to support entrepreneurship in Derry~Londonderry***

Building entrepreneurial activity in Derry~Londonderry will require strong political will, strong leadership, strong partnerships and an organisation/partnership to co-ordinate the delivery of policies and services that support entrepreneurship.

The organisation/partnership required could either be newly established or created through the transformation of an existing institution. Some cities have chosen to create a special body responsible for entrepreneurship promotion (either public, private or mixed) whilst others have service delivery agreements with private firms to deliver this role. In some cases, cities act in partnership with the chamber of commerce to deliver entrepreneurial activities, policies and services.

Just as Barcelona did in 1986, Derry~Londonderry could consider the creation of a new or the specialisation of an existing body to support entrepreneurship and co-ordinate an entrepreneurship strategy for the city.

In Derry~Londonderry, such an organisation could function most effectively as a partnership vehicle for entrepreneurship. The objective of this vehicle or “Derry~Londonderry Partners for Entrepreneurship” could be to create and develop an “ecosystem for entrepreneurship” in the city with the support of all relevant stakeholders.

### Box 8. **Barcelona Activa: Barcelona’s tool to coach and nurture entrepreneurs**

The City of Barcelona has promoted entrepreneurship for 25 years through a coherent long-standing strategy. This strategy helped to transform the economic structure of Barcelona from a classic old industrial city to a city based on services, a strong visitor economy, creativity, an internationalised industrial sector as well as a growing knowledge economy and foreign community of added-value entrepreneurs based in the city.

This strategy began in the mid-1980s under the leadership of the mayor and the City Council with the transformation of an old warehouse into a business incubator. To manage the business incubator, the city created a public company: Barcelona Activa. Today, this agency is responsible for fostering entrepreneurship and business creation support in Barcelona.

Barcelona Activa was created in 1986 as a public business incubator with 14 business projects in incubation. Today, the organisation coaches more than 1 800 business projects per year, supports the creation of about 1 000 new companies per year, incubates about 140 companies per year, and promotes innovation, business growth, internationalisation, digital literacy, networking and fundraising for entrepreneurs.

When it was established, Barcelona was a city that lacked any formal support for entrepreneurs. After more than 20 years of activity, Barcelona has seen the emergence of a broad “entrepreneurial ecosystem” of public and private bodies in the form of universities, private incubators, venture capital, angels, technological parks, chambers of commerce and service providers.

In 2010 alone, Barcelona Activa helped to create 1 700 new companies which created an estimated 3 200 jobs in the city. Its business incubators hosted 109 highly innovative companies with a total 650 employees, had a collective annual turnover of EUR 50 000 000, raised EUR 41 000 000 of funds and had a fourth-year survival rate of 81%.

The “Derry~Londonderry Partners for Entrepreneurship” vehicle could comprise of at least the following bodies:

- public bodies: Derry City Council and the Northern Ireland Executive;
- local and regional universities;
- the Londonderry Chamber of Commerce;
- major local and regional commercial companies; and
- the Derry~Londonderry City of Culture 2013 Office.

This partnership agency could:

- design a strategy for entrepreneurship promotion in Derry~Londonderry;
- design and implement services such as coaching and training entrepreneurs;
- raise funds devoted to business creation and business growth;
- partner with other regions where Derry~Londonderry entrepreneurs could create business links; and
- build an “entrepreneurial Derry~Londonderry” brand.

Derry~Londonderry could benefit from programmes that support the growth of existing and new firms in key growth sectors, and also a more localised programme of individual “micro-entrepreneurship” for individuals that want to explore the opportunity to trade.

The key elements for Derry~Londonderry will be to engage private sector leaders in supporting a drive for entrepreneurship and to seek support from outside the city. Many cities that have emerged from conflict have invited external organisations such as the Portland Trust to bring international experience and resources to bear to support entrepreneurship, bringing both know how and a “can do” approach from outside the immediate context, as well as introducing more investors into supporting local entrepreneurs.

In general, there are many opportunities to invite international NGOs and other organisations into the city to support capacity building and programme development on entrepreneurship development and related issues.

The Derry~Londonderry Strategy Board and the Executive should consider how to increase the focus on entrepreneurship and business growth within the One Plan and to assess the potential role for international NGOs and other expert organisations to support the growth of enterprise economy in Derry~Londonderry.

Box 9 sets out the key entrepreneurship policy recommendations as approved by the OECD LEED Directing Committee and used extensively throughout OECD member and non-member countries.

### Box 9. OECD policy recommendations

#### **Financing**

Carry out an intermediation role in financial markets by developing credit guarantee schemes to facilitate SMEs’ access to debt finance and by lowering information barriers that prevent the emergence of a local equity market (e.g. business angel networks).

Improve business planning and management skills to facilitate access to bank loans. Design investment readiness programmes to boost the likelihood of local firms to receive equity finance.

Involve local banks (savings banks, co-operative banks, etc.) in SME credit programmes because of their expertise in relationship lending.

Extend micro-credit by involving local development agencies and local banks, making sure to apply an interest rate that ensures the self-sustainability of these schemes.

#### **Innovative entrepreneurship and SME innovation**

Bear in mind the very interdisciplinary and interactive nature of innovation today in the design of business innovation programmes.

Foster industry-university co-operation and inter-university collaboration to enhance the innovativeness and modernisation of the local economy through a range of policy options (researcher mobility, co-operative research programmes, joint supervision of graduates, etc.).

In doing this, take into consideration the specialisations of local universities and improve the career prospects of university researchers involved in technology transfer.

### Box 9. OECD policy recommendations (*cont.*)

Consider concentrating resources in the promotion of centres of excellence with commercialisation potential to attain the critical mass necessary to be competitive in the global economy.

Advance the modernisation of traditional manufacturing by facilitating the introduction of new horizontal technologies in local consolidated sectors (i.e. “related variety” concept), still in collaboration with local universities.

Support the creation of “knowledge networks” to promote collaboration and exchange between large and smaller firms. Cluster development programmes are one of the possible approaches.

Integrate local clusters into global knowledge networks to avert the risk of “lock-in” to declining technologies and markets as a result of poor innovative capacity.

Make sure that “greening the economy” is mainstreamed in the local innovation strategy, for instance by working with local lead firms that show a potential for ecological modernisation, by subsidising basic and precompetitive research in clean technologies, and by implementing “greener” public procurement.

Develop the demand-side of innovation policies, mainly by awarding public procurement contracts to innovative firms or firms with an innovative potential.

Strengthen advanced training in manufacturing skills to keep pace with technological changes and move up local industries in their global value chains.

Link training programmes with sectors to increase the productivity and the “absorptive capacity” of firms. Think of co-operative education programmes that engage university students in alternating work terms with study terms throughout their undergraduate degrees.

#### **Entrepreneurship culture and attitudes**

Cultivate an entrepreneurial culture amongst both labour market entrants and existing entrepreneurs by actively involving the school and university systems in awareness-raising and education campaigns. Make sure that the entrepreneurial culture is kept alive through different generations.

Go beyond a narrow focus on business creation and give attention to innovative start-ups (growth-oriented entrepreneurship) as well as to self-employment by the unemployed.

Develop a university entrepreneurship policy inclusive of both entrepreneurship education and spin-off support.

Target female and migrant entrepreneurship to exploit untapped potential and increase the labour market participation of both groups.

Improve the quality of the entrepreneurship training system by ensuring adequate certification of programmes and trainers.

Use real entrepreneurs, interactive methods, and a hands-on approach in the provision of entrepreneurship education and training.

#### **Strategy and policy delivery**

Set up a consultative process leading to an agreed development strategy, inclusive of measurable goals. Communicate this strategy widely and periodically, highlighting its flagship programmes.

### Box 9. OECD policy recommendations (*cont.*)

Establish or re-organise business support agencies with both a clear task and an adequate budget to perform this task. Leave a good degree of autonomy to the way public business support organisations, implement and deliver local policies.

Refrain from setting up too many public agencies with conflicting tasks and competing for limited resources.

Create a unified entrepreneurship support system by enhancing the visibility of the services offered to firms and by better co-ordinating the interventions of the intermediaries in order to avoid overlapping and build synergies.

Deploy an adequate business support infrastructure (incubators, science parks, intermediary institutions) that actively involves the private sector and does not cause long-term dependency on beneficiary firms.

Introduce one-stop shops and the “no wrong door” policy principle to help SMEs orientate themselves amongst the range of business development services locally available.

Supporting entrepreneurship is a powerful tool for local development in the 21<sup>st</sup> century. Although many cities began to design and deliver strategies to foster entrepreneurship some time ago, there is still much to learn. The experiences of other cities’ approaches to entrepreneurship can be useful for Derry~Londonderry to avoid common mistakes, gain credibility quickly and move forwards with more confidence.

Designing an entrepreneurship action plan for Derry~Londonderry is an urgent task but the key challenge will be to move beyond good policy. Derry~Londonderry requires not only a concrete plan to foster entrepreneurship but a firm commitment to delivery.

The development of a coherent strategy that is carefully designed to reflect local requirements will take time and it is important to keep in mind that it will be a long-term strategy that will take even longer to yield tangible results. But if the process is undertaken successfully, results will be realised in terms of new jobs, new business sectors and a strengthening of the city’s brand.

An action plan for entrepreneurship in Derry~Londonderry will also require outstanding leadership. Difficult decisions will need to be taken, flexible and business friendly organisations will need to be created, a diverse range of services for entrepreneurs will need to be delivered, and a strong culture of public-private partnership will need to be established to achieve success.

Economic development and employment will come to Derry~Londonderry if the One Plan is implemented successfully. But **sustainable** economic development and employment will require a long-term strategy to build a strong “entrepreneurial ecosystem” for Derry~Londonderry.

### **Engaging more directly with institutional and other capital holders to increase leverage of private investment**

Although private investment in the city will be critical to the fulfilment of the plan, limited attention is paid to how to facilitate private investment. It will be necessary to create attractive and easy to access propositions for private investors especially in relation to the two major redevelopment sites. This would logically require several elements.

Firstly, there needs to be a clearer focus on stimulating **demand** for investment and job creation in Derry~Londonderry. Given the challenging economic landscape world-wide, it is essential for the city to become a competitive and attractive location for investment, and to take active steps to stimulate interest in the city.

This means that work is needed to support action on foreign direct investment undertaken by Invest Northern Ireland, and specifically to build a compelling and distinctive proposition, with support from business leaders, about the city's future economic sectors.

In addition, it is important to engage with institutional investors of various kinds on the opportunities for asset holding and value creation in Derry~Londonderry. This would see pensions funds, insurance companies, sovereign wealth funds and others become better acquainted with Derry~Londonderry's investment potential and the exciting prospects for the city as it begins a new cycle of development with the City of Culture and the major redevelopment efforts. As part of this, there need to be clear investment frameworks for the two major development sites.

### ***Entrepreneurial approaches to attracting investment***

Mayors and regional leaders are now advocating planning and development strategies that increasingly seek to perform the role of being “investment prospectuses” for their territories, demonstrating to financiers that they have the ability to grow in ways which can sustain borrowing to support economic expansion, and provide an acceptable return on capital deployed. Put simply, more private investment can help a city or region achieve more than public investment cycles and local tax systems alone can afford, especially in times of tight fiscal discipline.

It is therefore arguably a key task of city and regional development activity to make cities and regions both more “**investable**” and more “**investment-ready**”. “Investable” in that they need to clearly demonstrate how good returns can be made on investments in their territory, and be ready to help make those deals attractive. “Investment ready” in that they must become involved directly with measures to stimulate a strong deal flow of good quality propositions for financiers to evaluate. Just as cities and regions still spend significant effort seeking to attract international corporate investments through foreign direct investment (FDI) deals, and international talent through population growth strategies, they now need also to attract institutional and commercial investment into their locally focused financial instruments and assets.

It is now well known that investment opportunities that are principally territorial (localised) can be competitive for commercial finance when compared against other opportunities in business stocks and shares, government bonds, or other traditional investment instruments. However, there are credibility and profitability gaps, issues of scale and risk, and matters of cost and confidence, that have to be addressed if cities and regions are to attract private investment over the long term.

The key to most progress is a new relationship with the private sector. Not just public-private partnerships, but a more advanced means to shared risks, costs, returns, and the stewardship of assets.

For those promoting city and regional growth, private co-investment can add important ingredients that are otherwise absent. Development programmes are increasingly moving away from traditional attempts to substitute for the absence of

private investment, and are now more concerned with explicit attempts to leverage private investment instead. Tackling market failure through “market making” is the focus.

Private finance is key to city and regional development because it:

- provides more capital than is otherwise available, more quickly, and more efficiently;
- helps to rebuild local investment markets and averts other “disinvestment” from occurring;
- creates a greater commercial and professional discipline within city development policies and initiatives;
- attracts wider interest from other commercial players, giving confidence that something of value must be occurring which might merit their interest;
- builds a more sustainable finance strategy into city development initiatives, allowing public funds to be gradually unlocked for alternative actions;
- re-positions good city development activity as “investment”, rather than “expenditure”, in the modern economy.

Cities and regions are therefore increasingly in search of the best propositions and instruments to attract commercial investment.

Equally, for private finance providers, participation in city development programmes can provide some important contributions to business strategy. It can:

- utilise public sector support to help develop new business and market sectors that would otherwise not be easily accessed, acting as R&D activity for future financial product lines;
- contribute to diversification of the asset classes over which investment is spread;
- contribute to achieving ethical and/or local investment priorities;
- provide some predictable returns in periods of instability.;
- build relationships with a wider set of partners from which other business might evolve. Strengthen local and regional economies in ways which can safeguard or improve other investments, or expand the market for other financial services.

City and regional governments want to be in business with private financiers, and many are now embarked on the task of learning together about how to do this more effectively.

### ***Financial tools and frameworks – international variations***

Financing tools for cities and regions are very different from one place to another. For example:

- tax credits and incentives in the United States have tended to do the work that grant in aid does in the United Kingdom when it comes to urban re-development;
- guarantee systems in Europe have tended to address the small business lending issues that, in the United States, are tackled through progressive regulation;

- town centres investment mechanisms begun in Canada (and spread rapidly through the United States) through clear statutory frameworks, have been achieved through voluntary partnerships, or chambers of commerce, in most of Europe;
- FDI deals which are sweetened with tax abatements in one place are supported with direct subsidies in others;
- public bonds are issued in some countries to support the activities that in other countries are the preserve of private fund managers.

Despite these kinds of differences, two basic forms of innovation are emerging.

Firstly, there is a continued push by commercial intermediaries and investment institutions to create non-governmental approaches which define and develop new localised investment markets where it is clear that good returns might be made.

Secondly, within government at various tiers, there are efforts to innovate with public finance in ways which will make it more flexible and sensitive to commercial thresholds, and thus leverage private investment more effectively.

However, this is not just an issue of what financial tools are in principle available. It is also quite clearly a matter of **how well they are used**, and whether they are **being used to optimum effect**. Some cities and regions with apparently equivalent financing tools at their disposal tend to use some better than others. Ireland's tax incentives, Belgium's regional investment funds, Chicago's Tax Increment Financing programme, New York's Business Improvement Districts, North Rhine Westphalia's Venture Capital Programmes, Piedmont and Lombardy's Investment Institutions and Bank Foundations, all appear to be examples of a particular instrument being fully exploited for local development purposes, and more so than neighbouring cities and regions who have the same set of tools at their disposal.

Comparisons between Manchester, Chicago, Berlin, Toronto, and Lyon show that these five great cities each have a very different set of financing tools to use to promote their development. Berlin is a city state with significant freedoms over how much tax it raises and how much debt it issues, it has its own regional investment bank (IBB), and it has considerable flexibility over how it deploys its assets to further economic development. Chicago is also a financially empowered city with substantial freedoms granted to it by the state of Illinois. It can levy and vary taxes, raise bonds, cut fiscal deals with investors, and set up special assessment and tax increment financing districts to support capital borrowing. Manchester, Lyon, and Toronto fair less well in financial empowerment terms, although Lyon has leveraged private investment effectively and borrowed to finance infrastructure. Toronto has a history of innovating financially, but has been highly constrained by its need for long-term investment in the context of provincial administrations that have not wanted to raise public capital. Manchester is the most fiscally and financially constrained city of the group, but has a national regime which encourages private investment in public goals outside of public finance instruments, but not always with local imperatives in mind.

Does this mean that Manchester or Toronto would be better off if they had the local financing instruments of Chicago and Berlin? It is tempting to say yes, but we also have to understand better how those instruments would work in a different context, and what consequences they might have.



### *Sustainable finance and investment in Derry~Londonderry*

An important dimension of the Derry~Londonderry story has been the need to invest substantially to overcome a legacy of past neglect, and the needs to re-engineer the city's infrastructure and to attract private sector co-investment. For much of the past 30 years, the public sector has led this investment through the efforts of the Northern Ireland Executive, UK Government and the EU.

But pressure on long-term public finance in general and changes to funding regimes such as the EU structural funds mean that Derry~Londonderry needs to think afresh. In several arenas, the private sector has important contributions to make to how assets are managed and how redevelopment takes place, not just the cost of doing so. Equally, a smarter, better co-ordinated, and more commercially aware public sector is emerging and can have great effect on the investment climate in the city.

#### *Smart finance for smart cities: getting the fiscal relationships with higher tiers of government right*

Due to a comprehensive lack of powers and authority for local governments in Northern Ireland, multiple Executive level government departments, the UK Government and the EU fund local development in the city. This can make it all too easy for the investment from above to come in fragmented pots and silos that are difficult to aggregate and integrate locally. It is a major task for those promoting local development to integrate these rigid funding streams.

It would be advisable to develop a **single investment strategy for Derry~Londonderry** and to seek partnership with the Northern Ireland Executive for it. This inevitably involves seeking to trade for greater flexibility in the way that public funds are deployed by offering a clear set of strategic outcomes which more flexible investment might achieve.

#### *Promote active private sector leadership in city investment*

Derry~Londonderry should promote private sector leadership and, working with others in the city, develop a framework that makes this more feasible. As the plan is implemented it will be important to convene joint work with financial institutions to help develop the new investment strategy for the city as the key vehicle to achieve this.

Experience from other cities such as London and Amsterdam suggests that this kind of engagement will be most fruitful when it focuses on a limited number of large-scale priorities and works on them in creative ways.

#### *Metropolitan finance for metropolitan amenities*

Derry~Londonderry sits at the centre of a large metropolitan area and provides important assets to the wider region including a recognised identity, significant institutions (such as hospitals, universities, and artistic organisations), and the infrastructure hub and logistics platform.

Much of the upkeep of these is paid for by national taxation. For Derry~Londonderry, a means to better share some of the costs should be explored. This might be in the form of charges for the use of certain facilities or better involvement of major employers in the upkeep of facilities, perhaps through a business improvement district.

### *Sharing the benefits of growth locally*

There is ample scope to develop a new mechanism to share some of this uplift with the cost of supporting the regeneration. One means is through the participation of publicly owned land and properties. Public agencies can maintain ownership of their land as regeneration takes hold precisely in order to generate value that can be applied to wider efforts. It would also be useful to develop a mechanism that links the rise in property values in a given area with more dedicated levies for investment in infrastructure and regeneration. Lessons might be learnt from the Milton Keynes Tariff, and from Tax Increment Financing in Edinburgh, Chicago and elsewhere.

It is important that new vehicles have time to develop a track record and market confidence, but are also flexible and able to grow the scale of assets and investment deployed.

### *Flexibility in public funding to enable private co-investment*

Public funding in Derry~Londonderry suffers from fragmentation and rigidity. There is little flexibility on how funds are deployed at the local level, and this itself makes flexibility more difficult. This produces unnecessary costs.

### *A new approach to public assets*

Derry~Londonderry has important assets that do need to be better managed, especially in areas like the city centre.

There are impressive initiatives being taken elsewhere to create asset-backed investment vehicles through joint-venture partnerships with private investors, and Ilex URC and Derry City Council should now look into how this approach might be used to help Derry~Londonderry. Berlin's experience with asset management along with experience in Melbourne and Johannesburg is worth reviewing.

### *Financial innovation in public and private sectors*

This could be an important approach for Derry~Londonderry. The view is that this requires some clear signals from the public sector and it is necessary to build up examples of good work over time. Making it clear to the market that Derry~Londonderry wants to innovate is an important step. Utilising support from the European Investment Bank to think of new ways to structure projects and financing may be useful at this point.

Social finance could play an important role in "funding the future" in the city. The NI Executive should draw on the UK-based social finance and look at ways to use social impact bonds in the city.

### *Long-term market building by the private sector*

Derry~Londonderry, through its plan, will be setting in train a new economy. Over the last 30 years, the city has suffered the ongoing demise of its private sector and now finds itself in a position of having to rebuild an economy. Ilex URC and Derry City Council should consider how to build a relationship with a key group of private sector investors to encourage a longer term strategy.

*Focus on the quality of the propositions not on the supply of finance*

Ilex URC and Derry City Council should become more investment-focused organisations, and they are seeking to do so. They need to generate sources of new propositions that the private sector finds genuinely compelling. This requires a different mindset into how to plan and prepare interventions and it means a need to involve private co-investors at an earlier stage. This approach should be accelerated.

*Build capable specialist intermediaries*

There are no specialist intermediaries that are promoting local investment in Derry~Londonderry at this time. Ilex URC and Derry City Council can start to play more of a role here, working with the financial institutions, and other public bodies. One option would be to develop an asset-financing vehicle in collaboration with other public sector land owners; another might be to raise debt finance through the European Investment Bank and other institutions for specific programmes of investment.

*An investment strategy for Derry~Londonderry*

Setting out the investment strategy for Derry~Londonderry should follow from the production of the new plan. This will probably best be done through selecting key large-scale projects that are required to deliver the plan and working with the private sector to build up new potential investment packages.

The steps that Derry~Londonderry might take are:

1. define the key interventions that will deliver the One Plan;
2. audit the existing assets and funding streams that might be utilised to support these projects;
3. convene meetings with key financial institutions and financial advisors to undertake some preliminary assessments of the best means to develop the interventions to attract external investment;
4. undertake detailed work on the most promising propositions in collaboration with financial institutions and advisors and higher tiers of government;
5. produce a business plan and investment plan for each intervention;
6. undertake a cross-cutting analysis to look for efficiencies across the interventions;
7. develop an overall investment plan for the interventions;
8. broker agreement across key public and private sector partners for each business plan.

Preliminary activities can begin immediately here. The key ingredients will be:

- produce a dedicated staff team to work up the investment plans and the strategy, and allow them to focus on this one important task;
- engage in open discussion about the best means to achieve the goals and try to limit any rigidity in the system of delivering public funding and assets;
- ensure that long-term scenarios are considered in the financing plans;
- consider the organisational implications of different ways to finance investment.

- seek to develop financial templates that can be replicated by other projects or in other parts of Northern Ireland.

### **City identity, reputation and promotion**

An important objective for the One Plan and the work that flows from it is to build a strong identity and reputation for the city. This is essential both to motivate citizens and local stakeholders and to encourage external investment, visiting and trade with the city. This is an important element of what will be required in the city to make it attractive to visitors and investors alike. The issue of building a clearer identity and reputation for the city is covered in the plan, but this will need considerable effort and much greater co-ordination and leadership than is currently envisaged. The task here is to permanently change perceptions of Derry~Londonderry so that there are no “implied barriers” to investing in Derry~Londonderry, visiting the city, or making a long-term commitment to it. This is a substantial task.

Derry~Londonderry’s history as a city of strife will always be a part of its identity, but it is essential to tell a broader story of culture, history, people, life style, and the many assets that the city has. A city’s reputation is “what it is known for” and the process of regeneration is about becoming known for having unique assets, a dynamic present, and an engaging future. Derry~Londonderry has all of these but must now present and promote its new vision of itself to the world.

Cities compete in contested international markets for a wide range of beneficial assets, opportunities, and investments that help the city to develop and generate opportunities and resources for its citizens. Increasingly, cities are using thoughtful promotional brand strategies to better project their advantages and to foster a clear identity and reputation that will help them win the competition for mobile opportunities over time. These identities and reputations are much more than logos or strap lines, they communicate a “whole story” about the value added that the city can offer to mobile activities that have a choice where they locate. The purpose of the brand is to provide an authentic and aspirational message about the city.

Increasingly, city governments are investing in building the brand platform of their cities so that a consistent set of messages, and style of messaging, can be used to reinforce the positive elements of the city’s offer. City governments are also fostering partnerships with private companies and institutions within their city to jointly invest and communicate the same messages through a shared brand platform. The brand platform becomes the property of the whole city, not just the city government, although the city government will often provide leadership to the brand partnership. When done successfully this enables the city government to leverage resources and investment from other parties into the brand platform thus enhancing its scope and reducing the proportion of the costs paid by tax payers.

In successful examples, the city can attract many other organisations into the brand partnership. The alternative is a highly fragmented set of messages and ideas that do not create lasting effect or build a consistent city identity.

#### ***City government identity versus city identity***

Most city governments also have their own “institutional” identities: their “marquee” or logo. Frequently city governments wish to see their marquee visibly associated with activities that the city government sponsors as a way to show their citizens that the city

government is a sponsor. However, this is **not** always consistent with the kind of brand partnership approach described above, as it can cut across the messages being projected by the promotional brand platform.

Some careful thinking is therefore needed on when and how to use the city’s promotional brand or the city government’s institutional identity. In general, the best approach is that:

- all activities focused on the contested markets and mobile opportunities use the city promotional brand;
- all activities that are either inter-governmental communications, or formal city to citizen communications use the city government institutional identity.

However, this general “principle” has become complicated recently by the facts that:

- citizens are now also mobile and may choose to move to a city or leave a city depending upon their assessment of its continuing appeal;
- many activities (events, festivals, campaigns, exhibitions, etc.) held within the city are provided for visitors, “settled” citizens, and citizens who may become mobile in the future. They address a mixed market.

In other words, it is also often necessary to “sell the city”, and its attractive factors, even to citizens who are already in the city. Consequently, some much more nuanced thinking is required. What appears to work well is:

- Use the city government “institutional” brand for formal communications between the city and its citizens (e.g. routine letters and official business).
- Use the city “promotional” brand for all events, shows, and other activities where there will be a combination of citizens and visitors, or where the intention is to help promote or “sell” the city.
- On such occasions, create subtle ways to show that the city government is one of the partners that is promoting the city’s “promotional” brand, without confusing the message.
- Over time, develop a clear role for the city leader (e.g. mayor) as the “brand champion” (the person who both embodies the “promotional” brand and represents the “institutional” brand). And,
- In addition, use the more formal communications between the city and citizens to explain that the city government is backing the branded promotional activities, so that the association between the two is built without articulating confusing messages or messy visuals, at specific events. If the citizens know that the city promotional brand is supported by the city government they do not also need to see the city government institutional identity in the same communications. Some subtle citizen education is required.

The goal should be to help citizens understand that the city government is supporting the promotional activities, without confusing them with multiple messages and insignia.

### Box 10. City identity building in The Hague: international city of peace and justice

Since 2007, The Hague has implemented a new city branding strategy to produce greater congruence between international perception and reality on the ground. Its ongoing EUR 3.5 million campaign (10% business sponsored) seeks to positively change its image in order to attract more private investors, new residents and maintain the level of purchasing power amongst existing citizens. The Hague's strategy aims to position the city as a beacon of hope for much of the rest of the world.

The city branding strategy adopts a three-pronged approach.

- Positioning as an “international city of peace and justice”. This is being achieved through a new Peace Museum, a six-monthly “Hague Festival” organised around justice themes, and the renaming of streets (and the creation of prominent statues) after famous global justice figures. Conferences and seminars on peace and justice are to be specifically encouraged. A new institute for global justice is also on the way.
- Improved cultural activities. Alongside a new state-of-the-art conference venue, better international signage, fully bilingual hospitality services as well as public transport, and improved design of public space.
- New city logo and promotion campaign. The city has opted for a grassroots public relations strategy instead of a stereotypical advertising campaign. Storytelling, human icons and the physical assets of the city will be communicated to residents who themselves are to be ambassadors for the city.

The City Marketing Manager manages the brand and offers advice to the city branding stakeholders, including the city government. He or she oversees a small staff of two project managers, one representing the city government and one representing the business community. An Advisory Council for City Marketing is comprised of 10-15 stakeholders from the business community who deploy their personal network in order to smoothly implement the city branding strategy.<sup>15</sup>

## Developing the North West regional role of the city

The regional role of the city is referred to in the plan but there is limited focus on how to take this forward. This regional gateway role provides Derry~Londonderry with important additional opportunities associated with scale, for example in retail, visitor, education and commuting, where the city might stimulate demand for its offer from a wider North West region market. It also provides Derry~Londonderry with unique elements of identity, as a city with cross-border roles and functions. Equally, it opens up additional potential sources of investment into the city.

Building the regional role of a city is often a key element of what makes regeneration succeed. Given the forthcoming City of Culture celebrations, it will make sense to begin with supporting the drive on the visitor economy role of the city and building its attractiveness as a regional destination for culture, retail, and education.

### Box 11. Creative Dublin Alliance

The Creative Dublin Alliance (CDA) is a leadership alliance drawing together the city, higher education, business and the other local authorities in the Dublin region. It is a firm illustration of how the leadership of a city can develop an agenda for openness. The mostly private sector CDA agenda actively brokers Dublin's collaborative governance for knowledge and creative economic activity and for action on the future of the city.

The CDA's six objectives, formulated and managed primarily by the City Council are:

- encourage an open, merit-based, tolerant and inclusive society that promotes well-being;
- create a clear vision that unifies around the strengths and future potential of Dublin city region;
- continue to grow an internationally renowned higher education and research sector;
- communicate, show and engage people in the variety of entrepreneurial initiatives that are occurring in Dublin;
- build a Dublin region that is supportive of its people by encouraging innovation and enterprise;
- develop a high-quality information, communications and transport network.

The Innovation Dublin Festival, hosted in October 2009, showcased the innovation and creativity that is happening among entrepreneurs, businesses, universities, and research institutes across Dublin through a series of events. Each event was themed around a key aspect of urban life: culture, enterprise, people, movement, the environment or the public realm. The festival epitomised the city's desire to manage its newfound diversity as an asset. One of the CDA's main roles is its cultivation of Dublin as an "international post-graduate city". The aim is to make Dublin an even more important location for international students, especially from countries outside of Europe and North America, whose market already represents EUR 500 million annually. In order to achieve this vision and attract more high-calibre international students, the Dublin universities and institutes of technology agreed with the City Council to promote international scholarships as "The Lord Mayor of Dublin International Scholarships".

Dublin's leadership and institutional innovation has provided clarity as to why the openness agenda is important to the city. The Creative Dublin Alliance embodies a new integration attitude and agenda which makes migrants feel welcome and at home in the city.

## Building temporary employment initiatives to support labour market participation and undertake local public works

There is limited mention of temporary work and employment programmes in the plan, even though getting people into meaningful and work and income generation will be a critical dimension of the changes required to create a more prosperous and productive city. OECD LEED experience suggests that short-term and temporary employment programmes can play a key role in getting people into the labour market and providing productive activities.

Activities such as event hosting, environmental improvements, and city centre management all offer interesting opportunities for temporary work programmes that could be explored actively in tandem with longer term job creation. The South African Community Work Programme is currently being developed to be applied in Derry~Londonderry. The city should be commended for the speed with which it took this

initiative on board following the OECD expert mission but should ensure that momentum continues and that employment starts to be created. The approach is used in other countries and the city may wish to consider a broader application of the scheme.

#### Box 12. Job creation in the public and not-for-profit sector

In **Japan**, regional employment creation councils were set up following the economic downturn in 2008 to facilitate job creation in both the private and public sectors. This included creating new services such as meal distribution services for the elderly and childcare services. The latter was funded through a special grant to prefectural governments. There was also a special subsidy available to local governments that temporarily hire job leavers, for example, to carry out earthquake-proofing in schools, environmental/regional development projects (forest improvement); nursing-care and welfare services (nursing-care supports for elderly people); and education (math/science and IT education by assistant teachers).

Elsewhere, and also in response to the crisis, the municipality of **Paltamo in northeast Finland** set up a new employment agency to link unemployed people to new job opportunities emerging at the local level in the public sector. Work included renovation and repair work, forestry work and other environment maintenance work with wages being subsidised by the local Employment and Economic Development Office.

In **Flanders**, Belgium local actors are tasked with creating what is known as a “service economy” (*lokale diensteneconomie*) which aims to support job creation in the public and non-profit sectors for vulnerable groups such as older workers, migrants, long-term unemployed or people with low skills. This is co-ordinated by local municipalities in part through local one-stop job shops (*werkwinkels*) which involve a number of other actors including the public employment service (VDAV) and social assistance centres. Examples of the services which are created include additional childcare at the neighbourhood level, shopping services, social restaurants, and maintaining foot and cycling paths, etc.

*Sources:* Froy, F. and S. Giguère (2010), “Putting in place jobs that last:”, *OECD LEED Working Papers*, 2010/13; Bogaerts, K, H. Echelpoels, W. Van Dooren, I. Marx and F. Froy (2011), “Building flexibility and accountability into local employment services: country report for Belgium”, *OECD LEED Working Paper* 2011/11.

## Knowledge and digital economy

There are important initiatives already in train in Derry~Londonderry to build the digital economy and to expand the role of the city in knowledge creation. The OECD LEED team heard about some of these initiatives and recognised their potential to contribute to future growth of jobs and incomes and to support the transition to a new economic character and identity for the city.

Firstly, the Digital Derry initiative appears to have significant potential as a mechanism to promote job creation in digital industries and should be the focus of expanded efforts to grow the local economy. There is substantial private sector engagement in this initiative which should be welcomed and encouraged.

The second issue concerns the expansion of higher education as a sector in the city. This is clearly a major and important opportunity for Derry~Londonderry. Commentary on the specifics on which institutions expand in which direction lies beyond the scope of this report. However, international experience suggests strongly that a healthy city will need more than one university or higher education institution and we would propose that



Derry~Londonderry explore the potential to grow the range of institutions located in the city, especially if there are barriers to growth of the existing institution.

### Box 13. Digital and knowledge economy: 22@Barcelona district

In Barcelona, the 22@ district of innovation is emerging within the former industrial neighbourhood of Poblenou, once a major centre of industrial activity – textiles, metals, logistics – serving Catalonia. The area, as a collection of brownfields (former industrial sites) to the northeast of central Barcelona, and south of Sant Marti, was suffering very serious marginalisation and fragmentation prior to its revitalisation.

The major stimulus for revitalising the area was the 1992 Olympic Games. The transformation of Poblenou formed part of a wider strategic plan developed for eastern Barcelona, including a new high-speed inter-modal railway station (*La Sagrera*), a new regional/international hub (*Plaza de las Glories*), and the creation of quality multi-functional spaces (such as the Media-Tic building and *Torre Agbar*). One of 22@’s major objectives was to leverage the centrality of Poblenou to dramatically increase the density of employment in the city, rather than witness further urban sprawl. Beginning in 2000, the plan proposed to use these interventions to develop a more confident socio-economic identity for the area. Policies have aimed to create a high-technology neighbourhood rich in firms from the ICT, multimedia, energy, biotechnology, and design sectors, with a specific and pioneering aim to encourage synergies between the clusters.<sup>16</sup>

Infrastructure played a key role here; more than 3 million square metres of technologically advanced space was made available for innovative firms, as well as ample green space and thousands of quality apartments. Unusually for many such regeneration schemes begun at this time, the 22@ Plan included some provision for housing and social amenities, including affordable housing, health facilities, leisure and sports amenities, international schools and full 24-hour services.

A central role in boosting the clustering effect in 22@ has been played by research centres and specialist university departments. These institutions have supported the agglomeration process and have forged intensive relationships with many of the larger firms. Since its foundation in 2000, the innovation district has managed to attract more than 1 500 firms, successfully attracting talent from all around Spain and many EU countries. Nearly 50 000 jobs have been created, with an ambition to reach 100 000. Seventy per cent of the new firms operating within 22@ are working in the five strategic clusters.

Some of the primary obstacles the project faced have included the fact that the human capital of the area initially did not meet industry cluster needs, with a low degree-level education ratio, while entrepreneurship was minimal. This has meant that there was a low initial base of local firms ready to collaborate, share information, and take risks with new technologies and business models. Secondly, there was no substantive provision of venture capital funding, always crucial to attracting firms and supporting start-ups in industry clusters. Furthermore, Barcelona had few large established firms outside financial services, with Madrid being recently favoured (often with national government support), and as a result it has been only weakly embedded in international corporate circuits.<sup>17</sup>

Despite these initial challenges, Barcelona’s 22@ project demonstrates how sustained public sector-led initiatives can stimulate economic transformation and cluster development. Using municipal capital, Barcelona City Council also created Barcelona Activa, an “enterprise agency” operating on a city-wide basis, to help generate new enterprises for the area. Effectively the agency functioned as an independent management tool for economic local development. It deployed the instruments needed for a transformation to the knowledge and entrepreneurship mode.

**Box 13. Digital and knowledge economy: Barcelona 22@ district (cont.)**

The agency plays a strategic role in supporting and attracting local and foreign companies. 22@ has sought to develop local assets that are capable of gaining global networking skills through international partnerships, with mixed results. The project is a distinct example of how urban planning has comprehensively transformed a district's territorial use, and in so doing redirected the city's ambitions to the global level. The city now enjoys international leadership in many of its strategic centres, and the international community in the 22@ district constitutes close to 20% of the population. What is remarkable is the success of SMEs; two-thirds of the firms in 22@ have ten or fewer employees.<sup>18</sup>

Barcelona's strategy with 22@ has been heavily oriented to economic revitalisation rather than deeper socio-cultural impacts. Nevertheless there has been an emphasis on mixing high-end services with more traditional shops in order to increase overall socio-economic dynamism. The Poblenou district has evolved from an infrastructure-deprived area to a connected hub embedded in global communication networks, although encouraging an international vision among smaller firms has proven difficult. Most importantly 22@ has proven a powerful brand symbolising the city's past and future, and has been compelling enough to unite professionals, technicians, land promoters, civic associations, municipal councillors and other actors. This also has a clear design element to it, embodied in the ambition of Agbar Tower. Its transformation functions as a statement, a commitment to creating a model of a compact, diversified and economically sustainable city.

The 22@ district continues to face several barriers to business-to-business and knowledge worker engagement. The comparatively limited number of major national and international firms headquartered in Barcelona are seen as limiting career opportunities and partly responsible for fairly uncompetitive pay levels. The predominance of Catalan as the working, internet and social language has proved a barrier for international workers more likely to be competent or prepared to learn Spanish than Catalan. Strong internal hierarchies are also thought to be disincentives, while despite strong efforts by the city to promote venture capital funds, small firms have found access difficult. Considerable overlap has been identified among the city's local economic development institutions, such as the chambers of commerce, while their capacity to meet the expertise, responsiveness and funding needs of firms and entrepreneurs is limited.

Barcelona's experience overall demonstrates best practice in terms of confidence-boosting branding and urban regeneration which many policy makers worldwide herald as an exciting model to emulate. The 22@ district is one of the world's first dedicated to creating an environment for the "creative classes" and aiming to maximise opportunities of international and local collaboration within and between sectors. However, the strategy and experience of the district's development demonstrate that the infrastructure and investment has not been able to overcome large pockets of the city's risk-averse and introspective business culture. The precise offer and significance of 22@ is not as effectively marketed internationally as it could be, while the links between local and international firms are not as strong as in Singapore's One-North, for example. The partnership and leadership of the international presence in 22@ is not as systematic as it has needed to be.

### **Catalytic projects as a generator of regeneration momentum**

Derry~Londonderry has several important initiatives that are already in train or have been recently completed that can act as regeneration catalysts. Most successful regeneration stories, as our case studies of Turin, Glasgow, Dublin, Bilbao, and Barcelona show, have specific projects or initiatives that accelerate the regeneration momentum and provide visibility to the process of change. Catalytic initiatives are important projects that:

- embody the core objectives of the One Plan;
- engage citizens and stakeholders in highly visible moments of change that foster momentum for the regeneration process.
- impact more than one thematic area, demonstrate the integrated nature of regeneration, and have large multiplier benefits;
- help to shape the investment climate/market over the long term, building new assets and opportunities for investment;
- provide opportunities for multi-party collaboration and strengthen alliances;
- attract investment from external additional sources and enlarge the resource base for regeneration.

Such projects are important drivers of the plan because they can create momentum on multiple goals and can engender confidence in the process of change. They can also act to create new collaborations which improve governance. Because such catalytic initiatives are important to the plan, they will need careful co-ordination and oversight and their progress needs to be monitored by the city leadership. Derry~Londonderry has multiple opportunities that must be seized and are worthy of increased focus and attention.

### *City of Culture*

City of Culture is the key opportunity to show to the region and to the world that Derry~Londonderry has a distinctive offer and a changing identity. It is a historic city which has architecture, history, is located in a great natural area facing the west, and a wonderful natural port. With such attributes, the City of Culture project can become a catalytic event for the citizens to be proud, for the peace process to be strengthened and for the city to become a regional cultural, leisure, and retail hub, for the United Kingdom and Ireland to put the city on the map again, and for Europe to hear something positive about Derry~Londonderry.

As a City of Culture, Derry~Londonderry can also be a city of **cultural change**. This means addressing the behavioural and attitudinal shifts needed to make the One Plan work.

The city needs to put a 10-15 year events strategy in place. Otherwise the City of Culture will be a one-off event with limited developmental impact. This should specify the types of events that Derry~Londonderry bids for and the kinds of impacts it will achieve. The events strategy should link to the One Plan and be an accelerator of it.

An events strategy will not be a panacea for all things that Derry~Londonderry needs and it is important not to confuse the different challenges and tasks. What an events strategy can achieve is an effective means to grow the visitor economy and increase amenities, change identity and perceptions of Derry~Londonderry positively, and build the infrastructure for a wider internationalisation of Derry~Londonderry's economy. These are important ingredients and should be seized and managed effectively. However, an events strategy alone is not all that Derry~Londonderry needs. The wider processes of economic and social regeneration must also be attended to.

#### Box 14. The role of the Cape Town World Design Capital 2014 designation

Cape Town has recently been designated World Design Capital 2014 (WDC). This is a designation conferred biennially by the International Council of Societies of Industrial Design (Icsid) to cities that have “used design as a tool to reinvent themselves and improve social, cultural and economic life” (Icsid, 2011). The WDC “provides a distinctive opportunity for cities to showcase their accomplishments in attracting and promoting innovative design, as well as highlight successes in urban revitalisation strategies” (Icsid, 2011).

The Cape Town WDC 2014 bid itself was put together on the basis of a loose cross-sector partnership. Now, Cape Town is seeking to use the WDC 2014 to build new partnerships to help find innovative and workable solutions for city development challenges.

To this end, design is understood not so much as “arts and culture”, or “high-end products” or “aesthetics” but as “problem solving”. The focus of the WDC 2014 effort will be on “design for people” rather than “people for design”, i.e. on economic and social needs of citizens, communities and businesses and not just the activities of the design community in Cape Town. Through this process, ways will be found to embed design-process and design-education in city development projects and programmes to make them more sustainable.

This will be particularly apposite in a city (and country) where for decades, design was used perversely and deliberately to separate people and communities and reproduce inequality.

WDC 2014 is seen therefore as a “movement” rather than an event or series of events. There will be as much focus on putting Cape Town “on the move” through design projects and activities as putting Cape Town “on the map” through organising events, hosting the global design community and promoting the visitor economy.

WDC 2014 is being designed as a participative process, open to all citizens and organisations. In particular, WDC 2014 will involve pupils, students and young people.

WDC 2014 will explicitly be organised as a multi-stakeholder, multi-layer partnership; firstly, between different sectors at city-region level (citizens, communities, government, business, labour, professional bodies, universities and schools, etc.); secondly, between Cape Town and other South African cities; thirdly, with other African cities; and fourthly, with the international design community and with other cities that embrace design for change.

WDC 2014 will be specifically incorporated into the City of Cape Town’s City Development Strategy (CDS) as well as the provincial government’s Future Cape – a process to set a vision for the future of the region, identify long-term trends and strategies for change. WDC 2014 is therefore also about defining the identity of the city and redesigning the future of the region.

### *The Peace Bridge*

The completion of the Peace Bridge is major achievement. It is changing the identity of the city and making it easier for citizens to enjoy and navigate the city.

A well-designed physical infrastructure that connects for pedestrians the city’s city river banks, seems to be the beginning of a new urban design for the city that takes its river as its structural connecting point. Derry~Londonderry is rebuilding and designing new facilities, amenities, residential zones due to the impact of the new bridge. All the former military infrastructures, as well as brownfield sites, and the river banks provide the opportunity to set a new standard in design for the community, its regional, and global brand. Although the crisis and the fiscal situation is critical in Europe and in the

United Kingdom, Derry~Londonderry should strongly lobby for these spaces to be developed in order to increase the economic performance of the city.

### ***Derry~Londonderry and water***

The river is the rationale for why the city exists and how it was formed and located. Water adds life to a city and its people. At the moment, the city has more or less turned its back to the water. Much more could and should be made of the future development of the riverside as a space where people can walk, meet and engage. This will require an incremental approach with key phases developed in sequence in tandem with major events, regeneration projects and land-use changes.

OECD LEED proposes that the wider redevelopment of the riverside be developed as a legacy project of the City of Culture.

#### **Box 15. City building in Bilbao: Bilbao's big idea**

Bilbao's tourism strategy has revolved around a high visibility, prestige cultural project, namely the Guggenheim Museum, designed by Frank Gehry. Indeed, Bilbao's tourist sector received such a strong boost from the inauguration of the museum in 1997, that it became known as the "Guggenheim effect". The Guggenheim Museum functions as a statement of aesthetic taste and modernity and as a tourist attraction in its own right.<sup>19</sup>

The Guggenheim Museum spurred further building construction. The Euskalduna Music Hall and Conference Centre was the second milestone for the city, and won the prestigious Apex Award for the "Best Congress Centre in the World 2003". In 2004, it was the first such centre in Spain to be awarded "Q" status by the Spanish Institute for Tourist Quality.

Tourism in Bilbao has increased sharply, with a big increase in airport passengers from 1.4 million in 1994 to 3.8 million in 2005. Bilbao overtook San Sebastian, traditionally the leading Basque tourist destination, in visitors in the last few years. Employment in the service sector has hugely increased, with the sheer scale of added tourist numbers having spawned many smaller service outlets, bars, shops, cafes, small hotels and restaurants. The number of business visitors to Bilbao has also increased considerably, with conference delegate arrivals rising tenfold to 178 000 per year in the ten years since 1997.<sup>20</sup>

Bilbao has shown how an iconic mega attraction can transform a city's destination image, leading to sustained growth of business and leisure tourism which itself spurs far-reaching social and cultural impacts. The urban landmark has presented an image of innovation and excitement around the city which has circulated worldwide, backed by impeccable surrounding urban design. The main contribution of the Guggenheim Museum is its key role in the construction of a new urban identity for Bilbao making it more appealing and marketable in a context where cities increasingly compete for attention, investment, visitors, events and talent.

### **A delivery system fit for purpose**

To deliver this step change successfully, the One Plan will require a multi-disciplinary approach involving many organisations and individuals with a wide range of expertise, experience and capacities. Collaboration between seemingly separate entities across a system for local development is key as is the continuing principle of interdependency and connectedness (Ilex, 2011: 8).

Through a thorough and commendable participation process, Derry~Londonderry has a solid regeneration plan, and the economic and social challenges faced by the city are not insurmountable. However, **a plan is only as good as the process of implementation and the delivery of results.**

As noted in the plan itself, implementation is highly dependent on managing complex, multiple stakeholder delivery environments. It is unlikely that the plan will succeed unless more attention is given to reforming the local development delivery system.

A number of key deficiencies can be noted:

- lack of citizen confidence;
- relatively weak private sector;
- lack of economic development capacity;
- exodus of young people with skills from the region;
- relatively disempowered local government system; and
- large majority of development resources and decision-making powers lies with central government, which seems to have a compliance-driven approach to development unsuited to requirements.

Moreover, many of the existing institutions are not appropriately structured for delivery. The regeneration plan needs to be as much about **reforming the delivery system** as about service delivery itself. Consideration should be given to the establishment of what can be termed a “cross-sector partnership” as an implementation vehicle for the plan. It is also apparent that there are a number of polarising dichotomies in the discourse between constituencies that need to be addressed. Chief amongst these is the notion that the equality agenda and the business/economic growth agenda are somehow antithetical.

While it is essential that the historical conflict, divisions and inequalities of the past are recognised and acknowledged, it does not help to remain “prisoners of past behaviours”. The community of Derry~Londonderry needs to take ownership of their future, and see themselves in the role of agents for change.

Ownership of the One Plan remains ambiguous. It is not clear the extent to which the plan is owned by the City Council and the political parties represented on the council. Similarly, the community and voluntary sector seem to have not yet decided whether they can take co-responsibility for the plan.

Who speaks for Derry~Londonderry? Many people still seem to speak for their own organisation or constituency, rather than being able to talk-up the city as a whole. The relatively disempowered local government system does not help to project a strong voice for Derry~Londonderry. How can the “one voice” in the plan really become “one voice” in practice?

These are all typical issues facing cities like Derry~Londonderry that have recently emerged from conflict, and that are to varying degrees spatially, economically and politically divided. It points to the need to spend more time on building trust, confidence and self-belief. There is a need for “relationship brokering” and for more “translators” and “matchmakers” in order to make the plan work, through the mechanism of partnerships.

Cape Town and the Western Cape Province face challenges which are similarly complex, persistent, deep-rooted and, sometimes, seemingly intractable and provide an important and highly relevant learning model for Derry~Londonderry. In Cape Town, one can draw on the 12-year experience of the Cape Town (Central City) Partnership (CTP) as a cross-sector partnership. It is also possible to look at the current initiative to establish the Western Cape Economic Development Partnership (EDP) as well as the opportunities presented by the designation of Cape Town as World Design Capital for 2014 (analogous to the designation of Derry~Londonderry as UK City of Culture 2013).

### *The role of cross-sector partnerships*

Which types of organisations are best positioned to lead cities and regions in dealing with such complexity?

Government organisations have the statutory mandate and possess many of the resources, but are not always sufficiently in touch with the fine-grained community issues, or the business and investment environment. In practice, they are often hamstrung with over-politicisation, vexed inter-governmental relations and by having to operate within a restrictive anti-development regulatory framework.

Civil society organisations are usually powerful advocates of the rights and needs of specific constituencies and sectors, but often lack both the resources and the strategic capacity to translate mobilisation into effective delivery.

Private sector organisations often have resources, but are in many instances out of touch with the complexities of community needs and sometimes do not fully appreciate the structural challenge of economic exclusion and underdevelopment.

In Cape Town and the Western Cape, no one organisation can, on its own, hope to successfully resolve the structural problems of unemployment, inequality and poverty, or address the magnitude of the need for basic services and shelter in informal settlements, or the challenges faced by communities wracked by gang violence and drugs.

It sounds obvious to say that different sectors and constituencies all need to work co-operatively. However, in practice, *ad hoc* and unstructured collaborative efforts seldom produce anything meaningful or sustainable. The challenge is to move beyond platitudes and put in place more innovative institutions that can deliver better results in a different way.

In cities around the world, cross-sector partnerships are becoming increasingly popular in areas of policy making and implementation that were previously the primary domain of the state. Partnerships, it is argued, can be seen as a “new model of governance”.

Professor Ralph Hamann of the UCT Graduate School of Business, who has studied a wide range of partnership initiatives globally and locally, points out that:

...cross-sector partnerships involve some form of structured collaboration between organisations from business, government and civil society on the basis of converging interests, focused on achieving joint objectives. Partnerships exist on different scales and take different forms, but they have in common the expectation that the **participants can achieve their objectives more effectively and efficiently through strategic alliances with others rather than acting independently.** (Hamann et al, 2009: 3; Hamann, 2011).

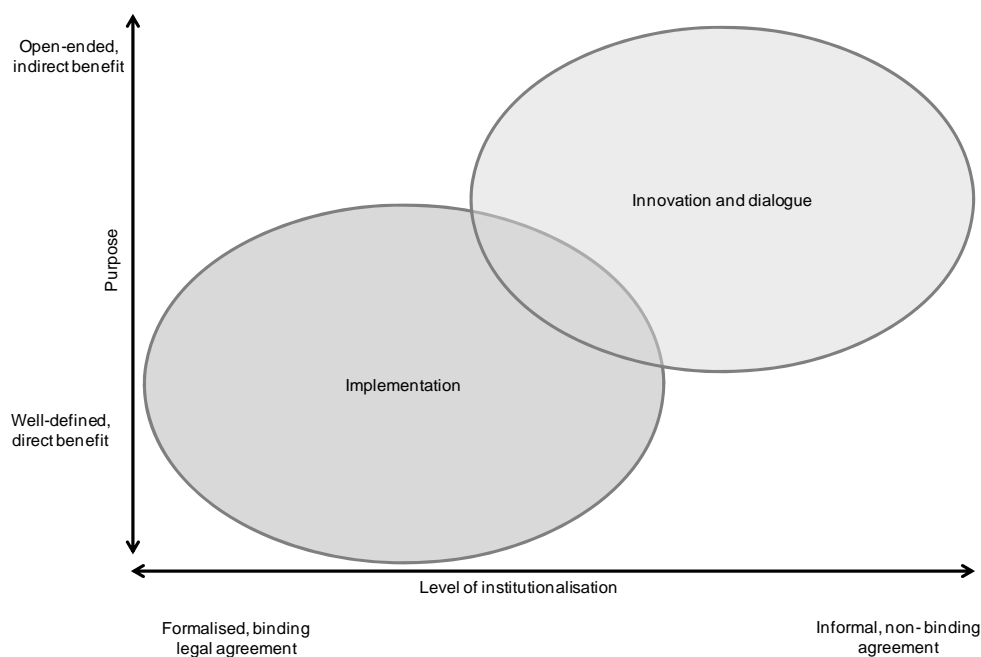
In other words, partnerships can gain “collaborative advantage” by pooling complementary resources and by sharing risks and rewards.

Hamann further explains that “there is a compelling argument that cross-sector partnerships are strategically placed to lead urban transformation because of their ability to **creatively juxtapose different and even conflicting interests, objectives and organisational cultures**. Sometimes, the explicit embrace of tensions between partners or between perspectives acts as a catalytic force to identify creative “win-win” options” (Hamann et al, 2009: 5).

### *Types of cross-sector partnership*

One can identify two types of partnership, namely **innovation and dialogue partnerships** (which commonly seek to create a guiding or facilitative framework for action), and **implementation partnerships** (predominately about financing and managing action to achieve particular, tangible objectives). Sometimes a partnership can be established to do both. This is referred to as a **hybrid model**.

Figure 1. Schematic of the idealised partnership types



Source: Hamann, R., S. Pienaar, N. Kranz and I. Schlamann (2009), “Assessing the effectiveness and accountability of different types of cross-sector partnerships in South Africa”, p. 11, International Sustainable Development Research Conference, 5-8 July 2009, Utrecht University, Netherlands.

### *Role of the Cape Town Partnership*

The Cape Town Central City encountered a period of gradual decline in the 1990s. This was characterised by capital and business flight to decentralised office parks and suburban retail malls, a partial collapse of municipal systems (e.g. kerbside parking), absentee landlords and “sick” buildings, rising crime and grime on the streets, a loss of property value and a concomitant decline in municipal income.



The CTP was established in July 1999 by the City of Cape Town and key private sector partners to manage, promote and develop the Cape Town central city area. A city centre management vehicle, the Central City Improvement District (CCID), was launched by the CTP in November 2000, as an integrated operation within the Partnership, but with a separate board and financing mechanism (for further details on the role of the Cape Town Partnership see Boraine, 2009).

The CTP is a good example of a **hybrid** partnership model:

- On the one hand, the Central City Improvement District (CCID) focuses on the “here and now”. The CCID mandate is “clean, safe and caring”, and its motto is “get the basics right”. Its strengths are its attention to detail and its ability to provide immediate responses to urban management problems and have a visible presence on the streets. In other words, the CCID is an example of an **implementation** partnership.
- On the other hand, focusing more or less on the same geographic area, the CTP concentrates on “what happens tomorrow”. It focuses on the broader socio-economic context, brings diverse partners (and points of view) together, and is able to initiate new ideas and longer term programmes. In other words, the CTP is an **innovation and dialogue** partnership, focusing on strategic initiatives.

In the case of the CTP and CCID, there are great benefits of having a “two in one” organisational structure. On the basis of this approach, the Cape Town central city has experienced a complete turnaround in its fortunes over the past 12 years, and is now once again the leading business centre in the Cape Town metropolitan region.

### ***Role of the Western Cape Economic Development Partnership***

Over the past two years, there has been a process to establish a new cross-sector partnership for Cape Town and the Western Cape Region. The Western Cape Economic Development Partnership (EDP), which was due to be launched in April 2012, will lead, co-ordinate and drive regional economic growth, development and inclusion by concentrating on:

- economic and market intelligence and monitoring **to ensure evidence-led strategy and planning;**
- economic vision and strategy through building leadership and a common agenda;
- business attraction, retention and expansion through building an improved business and investment climate;
- the creation of a single brand platform **through a regional marketing alliance;** and
- the organisation of the economic system for optimum delivery through system performance monitoring and on-going co-ordination of reform.

The EDP is a response to a diagnosis of the regional economic delivery system which found that, in Cape Town and the Western Cape, there is:

- no shared economic vision and common agenda;
- a disjointed regional economic delivery system;
- underperformance with respect to achieving full growth potential;

- a crisis of jobless growth and persistent poverty and inequality;
- insufficient competition, productivity and resilience as a region; and
- a relatively weak regional business brand.

The EDP's desired outcomes are:

- building a shared economic vision and a common agenda;
- a shift to a more collaborative approach on the economy;
- better economic and market intelligence, and evidence-based planning;
- a closer working relationship with national government ministries, departments, state-owned enterprises and development finance institutions;
- better co-ordination of economic effort between provincial and municipal government;
- a single strategy towards contested activities and markets (trade, investment, visitors, events and festivals, conferences and expos, students, innovators, entrepreneurs, research, etc.); and
- a single brand platform for Western Cape and Cape Town.

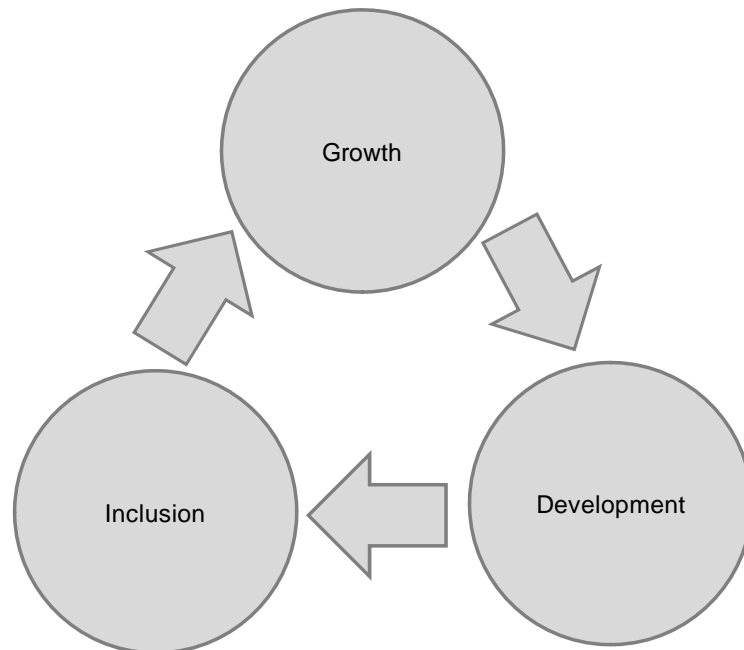
The EDP is being established to specifically put the economic agenda and job creation at the heart of the development process. This is being done partly because the economy and jobs have been historically neglected within sub-national public policy, strategy and budgets. Through a focus on economic inclusion, it is also there to specifically **strengthen** social development objectives.

For example, economic development is on the income side of a municipal balance sheet – it produces the resources that fund the social programmes. Sustainable social development must include access to jobs and incomes, otherwise it becomes a welfare trap. Access to employment not only reduces dependence on social services but also increases social development, cohesion, and aspirations. Building the breadth and depth of the labour market is the only way to bring more people into it. Without economic development, the most skilled people move on and the least employable and dependent are left behind. Moreover, social and spatial development, and environmental improvements, can be delivered in ways which create jobs and employment opportunities.

The EDP will be established as a cross-sector partnership rather than a traditional government agency or statutory body. This is because economic development is characterised as a “vision driven” activity that seeks to assess comparative and competitive strengths and opportunities, define a path into the future and to shape the behaviour of other actors, **most of whom are not in the control of governments and public bodies.**

The EDP can therefore be characterised as an **intermediary organisation** which facilitates activities between government, business and other economic partners. In other words, the EDP is neither a business organisation nor a public entity, but rather a centre for co-ordinating the economic delivery system. As such, the EDP will focus on the overall system of delivering economic strategy, not just on the role of a single institution.

Figure 2. Growth, development and inclusion as mutually reinforcing processes



The EDP will be primarily **market-facing** (understanding long-term demand trends) and **industry-facing** (understanding the needs of firms and investors), while the role of government is to be primarily **community-facing** (as per its electoral mandate) and **government-facing** (with substantial vertical and horizontal collaboration on the public sector side).

The EDP will seek to organise a **more coherent and effective system** of economic delivery in the region between the partners, rather than substituting for the mandates of the partners. The EDP is intended to be a relatively **small, agile, creative, leadership and co-coordinating body**, attracting top talent. The EDP will be an **independent non-partisan organisation**.

The EDP is being established as a two-tier hybrid partnership structure. During the first phase (2012), the EDP will be constituted as a dialogue, leadership and strategy partnership and will take the form of a not-for-profit company incorporated in terms of the SA Companies Act. In Phase 2 (2013), the EDP will convene various implementation and delivery partnerships through the establishment of not-for-profit and for-profit subsidiaries.

### ***Lessons for Derry~Londonderry***

There are a number of lessons that can be drawn from the experiences of the CTP, the nascent EDP as well as the Cape Town World Design Capital 2014 designation that could be of use in establishing an appropriate cross-sector partnership for Derry~Londonderry.

#### ***Lesson one: a partnership is only as strong as the partners***

A cross-sector partnership does not substitute for or compete with its constituent partners. As important as being able to engage directly in the provision of value-added services is being able to hold partners accountable for delivering on their own mandates. This is why roles and responsibilities within any Derry~Londonderry partnership moving

forwards will need to be clearly defined. Part of the work of a partnership is to build the capacity of the partners and to identify and challenge overlapping and competing mandates.

The CTP has adopted a “boating” metaphor in order to better define roles and responsibilities:

- **powing:** when you do the direct delivery and implementation yourselves;
- **steering:** the bulk of the work of a cross-sector partnership. This is where you initiate, co-ordinate, facilitate and inspire;
- **cheering:** encourage other organisations to deliver on their own mandates. Do not try and take over their role; and
- **coaching:** share information and knowledge in a structured way.

### *Lesson two: build and maintain trust*

There is a need to constantly renew partnerships, and not to take them for granted. Within most partnerships “is the need to **build and maintain** trust between participants in a partnership... because partners will need to take risks when relying on other partners fulfilling their part of explicit agreements or implicit expectations” (Hamann et al, 2009: 11).

At the CTP, this is referred to as providing a “translation service”. The role of a partnership is to bring different “worlds” together through “shuttle diplomacy” at a range of levels – in the case of the CTP, not just between the public and private sectors, but also between different spheres of government, city departments, owners and tenants, developers and heritage practitioners, and formal and informal retailers.

For example, in the early days of the CTP, the following conflicting perceptions and attitudes need to be constantly addressed in order to build relations of trust:

- Public sector perceptions:
  - Given the persistent high levels of spatial inequality in the city, there is uneasiness about being seen to allocate too high a level of public resources (be it capital budget or city official’s time) towards what are regarded as “privileged” areas.
  - There is resistance to what are perceived to be “already empowered” and well-resourced constituencies successfully lobbying for preferential access and greater public resources.
  - The private sector is viewed with suspicion as wanting to “take over” the city’s roles and responsibilities.
  - The public sector is regarded as the sole custodian and defender of “public interest”, which the private sector, due to its pursuit of profit, is viewed as having very little understanding or regard.
- Private sector perceptions:
  - Often, the public sector is viewed as inherently inefficient, ineffective and wasteful. The belief that the private sector would do a better job pervades.

- This is re-enforced by the perceived length of time for public sector decisions to be made (the so-called “Laundromat” effect, when discussions go “round and round” within the bureaucracy seemingly with no outcome).
- Property owners are often aggrieved that they pay rates to the city, in order to get service delivery, and should therefore not have to pay an additional CCID levy for top-up services.
- Property owners are often suspicious that the provision of extra CCID services will inevitably lead to a withdrawal of municipal services, and that what starts out as a complementary or “top-up” service will in fact become a substitute.

How does one begin to overcome these various types and levels of mistrust? Covey and Brown (cited by Hamann et al 2009: 5) use the term “critical co-operation” to describe partnerships that are based on learning how to manage not just co-operation **or** conflict, but co-operation **and** conflict in the same relationship.

It is important to understand that a cross-sector partnership is not a municipal or public sector entity, neither is it a business lobby. This issue is often misconstrued. In the early days of the CTP, some business partners saw the CTP mainly as a platform to organise business pressure against the municipality, which was perceived as not delivering on its basic mandate. Political leaders and public officials tended to reinforce this perception by not fully using the CTP as a vehicle to advance public policy and public sector interests. It is helpful to try and strike the correct balance between organisational independence of the partnership organisation itself, and accountability to partners and stakeholders, particularly to ensure continuity through successive government “regime changes”.

Differences are best not fought out via the media. A strategy of “name, blame and shame” does not work well with the public sector (or any other organisation for that matter) and is usually counter-productive.

It is also useful to adopt a networking approach, and to not just rely on formal structures and leaders. Partnerships need to create multiple entry points into organisations and administrations, and have a keen understanding of who deals with what, and who can make things happen.

Trust needs to be built over a period of time, through openness, transparency and knowledge-sharing, as well as being able to understand the diverse work styles and organisational cultures of the partners. Within a commitment to common objectives and a shared style of work, there needs to be room for differences. **A partnership will not work if you try and force all partners to think and act the same.**

Partnerships in Derry~Londonderry will need to have an intuitive understanding of the political, social and market environments, and relationships, once established, must be valued highly.

### *Lesson three: leaders within the local development system*

Just as there is a requirement for key individuals to drive implementation of the One Plan, there is also a role for institutional leadership within the system of local development in Derry~Londonderry.

Institutional leadership can take many forms. In Cape Town, the CTP has an enabling leadership role – “playing cupid” between key partners so that they perform their roles within the local development system more effectively. At the same time, other departments, agencies and organisations in Cape Town – such as the City of Cape Town, provincial government, South African Property Owners Association and the Cape Regional Chamber of Commerce – also play a leadership role in their own right.

Credit should be given to all the partners on a regular basis. **It is preferable to promote the collective efforts of the partners rather than just the partnership organisation.** If needs be, forego credit for a successful project in order to build stronger, non-threatening relationships. It is essential to have a mutually agreed understanding amongst partners of communicating with the media, and it is advisable to operate “below the radar” more often than not.

Derry~Londonderry must think carefully about “who speaks for the city?” and how the “one voice” in the plan can really become “one voice” in practice?

#### *Lesson four: overcoming persistent polarities and false dichotomies*

In a historically divided city and society like Cape Town (and Derry~Londonderry), complex tensions, contradictions and unequal power relations need to be acknowledged and addressed. However, a purely dichotomous approach (economic *vs.* social development; growth *vs.* equity; urban *vs.* rural; town *vs.* township; or corporate *vs.* small business, etc.) inhibits the adoption of a shared vision and a common agenda, renders strategies and implementation plans ineffectual, and limits consensus-seeking and partnership formation.

In Derry~Londonderry, a cross-sector partnership which can build leadership around a common agenda could become the means through which disparate constituencies and partners are able to go beyond traditional “either/or” dichotomies to focus on a more helpful “both/and”. In the Western Cape, for example, the EDP will be specifically constituted around a programme which will focus on economic growth **and** development **and** inclusion – not “either/or”. All are needed. Derry~Londonderry can achieve both economic growth and social equity.

#### *Lesson five: engaging the private sector*

There is a long-standing tradition of “business meets government” and “business meets the City Council” in Cape Town and the Western Cape. However, these encounters are often little more than symbolic acts which usually add very little value to either side. The role of the EDP is to institutionalise and sustain the relationship between business and government (and other partners) in the form of a structured partnership on the economy.

The EDP is specifically targeting the 11 main business organisations as well as related professional associations and sector development agencies in the Western Cape to become founder members. Members of business organisations range from multi-national corporations, to small and medium business, to micro-enterprises, to informal sector traders, to community businesses, social enterprises and non-profits.

The presence of business organisations (representing all levels of business) is necessary to ensure that the work of the EDP remains industry-focused and demand-driven. Experience has shown that supply-side interventions in the economy that are unrelated to demand are usually not sustainable.

One of the first projects of the EDP has been to establish an Economic CEO’s Forum, which brings together the leaders of a range of organisations involved in the economic delivery system. The role of the CEO’s Forum is to identify gaps and blockages in the regional business and investment climate (i.e. regulatory, infrastructure, service delivery, etc.) and to monitor the performance of the economic delivery system.

*Lesson six: get the “right” people*

In effective partnerships, “decision-making power is not held or exerted primarily by organisational hierarchy, state mandate or market competition, but **rather on the basis of legitimacy brought about by the ‘right’ people being involved in authentic and solutions-orientated dialogue**” (Hamann, et al 2009: 23).

The calibre of the people working within the Derry~Londonderry partnership will be important. They must be partnership-orientated, should place a high premium on teamwork and networking, need to be able to work in a flexible structure and be self-motivating. This is the opposite of the “command and control” or compliance-based accounting approaches that are often prevalent in the public sector, or the narrow “bottom line” approach in the private sector.

*Lesson seven: partnerships change over time*

Cross-sector partnerships have a varied life-cycle, and need to constantly adapt to changing circumstances. They therefore need to be flexible and light, to have the ability to amend or expand the original mandate, and to take on new partners.

For example, the life-cycle of the Cape Town Partnership can be divided as follows:

- **Negotiated establishment (1996-1999):** discussions take place, mainly between CBD property owners and businesses and the City of Cape Town, around the need for a collective approach to solving the problems of the Cape Town central city. Various *ad hoc* initiatives are put in place (e.g. CCTV cameras, Broom Brigade) but the decision is taken to initiate a formally structured partnership to sustain efforts. The Partnership is launched in July 1999 with a mandate to “manage, promote and develop” the central city. The CCID is launched by the CTP in November 2000 to organise urban management activities.
- **Implementation (1999-2002):** the focus is on improving the performance of the central city by making the area safe and clean, and **perceived** to be clean and safe, in order to restore business and public confidence, stem capital flight and rescue dwindling municipal revenues.
- **Urban regeneration (2003-2005):** the focus is on attracting private sector investment to regenerate commercial buildings; however, significant conversion of under-utilised B- and C-grade office buildings to residential accommodation occurs. The East City Regeneration Conference takes place in order to promote investment in an under-developed part of the central city. There is a growing focus on upgrading public spaces to encourage public activities. However, there is still minimal public sector investment in the central city due to the need to extend basic municipal services to more disadvantaged areas of the city.
- **Broadening the Partnership (2005-2007):** the Partnership’s vision and mission is broadened to focus on inclusive development. The CCID’s social development and job creation programme is strengthened. New partners from the social,

cultural, environmental and educational sectors are drawn onto the Partnership's Board, as well as representation from other public sector bodies such as the Western Cape Provincial Government.

- **Building the long-term agenda (2006-2009):** new programmes, such as Creative Cape Town and the CBD Energy Efficiency Initiative, are established. While the Partnership continues to focus on improving the performance of the central city through CCID urban management programmes and partnerships, a Central City Development Strategy (CCDS) is drawn up to build a long-term agenda for action. Increased public sector investment begins to take place, mainly due to preparations for the 2010 FIFA Football World Cup.
- **Leveraging the 2010 Football World Cup (2006-2010):** e.g. ensuring a well-run event, enhancing local participation (CC Partners Forum, Fan Walk, Fan Fest), authentic visitor experience, building the Cape Town brand (Connected Cape Town), leveraging a lasting economic, social and cultural legacy.
- **Expanded mandate: going beyond the central city with the formation of new partnerships (2010-2012):** building on the 2010 World Cup legacy, e.g. public transport (IRT rollout), Fan Walk, public spaces, city events strategy, i.e. UN climate change conference (COP 17) bid; Cape Town International Convention Centre expansion, tourism infrastructure (CT airport, hotels, CT brand); Provincial Government Central City Regeneration project; establishment of the city-wide and province-wide Economic Development Partnership; and organising the successful city-wide World Design Capital 2014 bid.

Regular monitoring and evaluation of the Derry~Londonderry local development system will therefore be an important means to ensure that its organisations are collectively well-g geared to deliver both the objectives of the plan and respond to future challenges and opportunities.

#### *Lesson eight: managing the city to improve liveability and secure investment*

The CTP, via the work of the CCID, also concentrates on “getting the basics right”, such as safety and security, cleansing and precinct management (e.g. graffiti, potholes, illegal posters and illegal dumping). In the view of the CTP, if the area in question is not safe, clean and well-managed, **and seen to be these things**, it is not easy to convince investors to risk their investments (and drivers their motor vehicles and shoppers their wages).

The CID model in Cape Town is explicitly not a privatisation model. The CCID does not substitute the role of the City of Cape Town, but provides complementary (top-up) services, funded through an additional levy on property owners. The CCID operates the daily interface with ratepayers and members of the public.

A defined spatial focus for urban management and regeneration is helpful, but boundaries should not be allowed to become rigid borders. Crime, for example, has no borders, so collaboration across boundaries is important. Issues such as housing, public transport and employment have to be addressed over a wider area.

There are now 25 CIDs in Cape Town. The CID movement in Cape Town itself is a form of partnership. The City of Cape Town, through its Special Rating Areas (SRAs) legislation, has set a regulatory platform for CIDs. The City also collects the additional levy from property owners each month, and pays it across to each CID, an essential part



of the process of sustaining CIDs. The CIDs in return complement the city’s service delivery through the supply of “top-up” services and an urban management system that can pay “attention to detail”.

The CCID has become expert at creating operational partnerships in its own right. The Central City Security Partnership, which involves the South African Police Services (SAPS), Metro Police, law enforcement, CCID Security, other private security firms and the Community Policing Forum is a case in point. Other partnerships have been built around cleansing, urban management, social development, and roads and pavement maintenance.

The City of Cape Town is now forming similar urban management partnerships in poor communities. This is influenced by the CID model, but in the absence of an established property tax base in these areas, the new partnerships will not rely on an additional levy from property owners.

Box 16 summarises ten key principles for how development agencies can successfully add value to the planning and delivery of local development. These principles have been endorsed by 36 national governments and are being used by thousands of development agencies and local governments throughout the world. They set out fundamental building blocks which the current delivery arrangements in the city should be measured against.

#### Box 16. OECD LEED Principles for Development Agencies

- **Focus on implementation at pace and scale.** The development agency pursues development opportunities faster, and at a larger scale, than would normally be possible within a city or local government.
- **Aggregate otherwise separate interventions to add value.** Economic development efforts within cities or regions are often subject to fragmentation of effort due to the multiplicity of funding streams and policy agencies. Development agencies can act to aggregate otherwise disparate efforts, overcoming potential co-ordination failures and information asymmetries.
- **Enhance the capacity and co-ordination of the local development system,** so that it can deliver a greater return on investment and provide a better platform for progress.
- **Focus on the customer.** An important reason for placing economic development activities within a corporate entity such as a development agency rather than a municipal structure is the ability of the development agency to offer a business-like environment and service offering, and the scope to manager customer relationships in a business-to-business model.
- **Adopt flexible spatial scales.** Development agencies can operate at a city-wide scale but are also able to function at either more local or wider levels. This is important given that economic development challenges are often focused at local or sub-regional levels.
- **Achieve confidence of external investors and other businesses.** Confidence of investors, developers and business customers is an important ingredient in maintaining market position for local and sub-regional economies.

**Box 16. OECD LEED Principles for Development Agencies (cont.)**

- **Become a tool maker and fully utilise existing tools.** Economic development tools need to be fully utilised and new tools need to be made to fit new imperatives. These tools often involve the interplay of public and private interests and assets. Development agencies can be effective tool makers and tool users, combining different powers, resources, and assets to make development happen.
- **Leverage assets and investment.** Assets and private capital are key to reinvestment markets and development agencies can help to leverage them towards city economic development goals. Share risks and costs actively with partners: development agencies can operate as joint venture vehicles between different sectors and between different tiers of government.
- **Refresh image and identity and communicate development progress.** Image and identity are supported by branding and marketing activity which needs to be a focus of concerted action. Co-ordination is essential.
- **Apply leadership to problem solving.** Problem solving is key to making economic development successful. Development agencies are often able to supply the skills and approaches required, unencumbered by other mandates.

***Current arrangements***

The future role of Ilex needs to be resolved. While Ilex had the resources, power and authority to prepare the plan (and has done so exceptionally well), it needs a new and different mandate in order to be in a position to lead implementation. On the basis that Derry City Council has little devolved actual power, and even less financial resources, creating an alternative body which should be given the mandate to deliver the plan whilst, at the same time and alongside, central and local government work together to devolve more power to and build capacity in the local City Council. This has clearly involved local and central government, but has been driven by an independent body. Given that all funding and power still emanate from central government, it could begin as a “replacement Ilex” with a specific mandate and funds to deliver. This would reflect to all parties genuine adoption of and financial support for the plan by central government. Can the shareholding of Ilex be changed to reflect a more equal partnership between central government and city government, between business and community?

The existing Derry~Londonderry Strategy Board is extremely important as it gives joint voice to all the stakeholders and represents a united face of the plan. Maintaining this unity, such as it is, between the stakeholders is crucial. However, the Board is clearly too big and represents too many diverse views to be an implementing executive. A potential structure could be to keep the Derry~Londonderry Strategy Board as the advisory board to the new implementing body, meeting regularly with the CEO and/or key members of the CEO team so that they are kept fully informed and be part of the process, but keeping them removed from operational decisions and activities.

The launch of the One Plan for Derry~Londonderry in June 2011 marked a breakthrough for the city. A foundation stone for the potential for long-term, inclusive growth has been laid. The OECD mission highlighted that more attention needs to be paid to how an appropriate new delivery vehicle can be structured on the basis of a

cross-sector partnership to give effect to the plan. New ways of seeing the future of Derry~Londonderry need to be matched with new mechanisms for implementation.

Changing the way in which the local delivery system functions, which includes changing behaviour towards different partners and building a new “culture of aggregation” of effort, is as important as the plan itself. A “business as usual” implementation approach is unlikely to deliver what is needed to make Derry~Londonderry a place of progress and of inspiration. The “OECD Principles for Development Agencies, Companies and Partnerships” should be used as standard measurement criteria against which existing bodies should be evaluated and new ones shaped.

## Conclusions

OECD LEED has been able to review the preparation of the One Plan. Within a framework of international practices, the plan represents very sound and good progress for the city.

Well-conceived arrangements have also been put in place to oversee the plan locally and to engage with the plan within the central government.

Most of the OECD LEED review’s concerns cover how the plan will be implemented. Urban regeneration is a complex multi-agency task that involves balance of public investment and interventions and the shaping of market processes including labour markets, property and investment markets, capital markets, visitor markets and many others. Effective regeneration has clear cycles of achievements in the cities where it has succeeded where physical development projects initiate a process which eventually become more broadly based and sophisticated, bringing economic development and social development dimensions.

Quite correctly Derry~Londonderry’s regeneration envisages a multi-agency and integrated regeneration process for the next several years. OECD LEED would observe that this approach requires at least four key ingredients if implementation is to succeed.

1. Increasing confidence and competence within local government to take on a leadership and convening role and the ability to command the confidence of stakeholders engaged in regeneration.
2. A capable and highly professional development agency that is able to both act as a strategy developer and also implement the more complex, large-scale, multi-sectoral interventions.
3. An effective co-ordination mechanism that brings together the key local stakeholders in a common endeavour with mutual trust and respect and a clear sense of inter-dependence and mutuality.
4. A clear framework of support from central government providing broader political leadership, capital investment, an enabling regime of regulatory flexibility, incentives, and “whole-of-government” co-ordination.

OECD LEED has not reviewed each of these ingredients in excessive detail as this assessment lies outside the scope of the review undertaken. However, it is clear from many comments made by stakeholders and the observed process of shifting from planning to implementation that is now in train that considerable measures will be

required to strengthen the institutional framework in ways that will lead to effective implementation.

Derry City Council will need to grow its internal capability to lead the city's long-term development and regeneration. At the political level this will require cross-party agreement to forge a common agenda on this long-term programme and to stick with it. Regeneration will not succeed if different politicians take contrary actions or pursue alternative agendas. At the professional level, Derry City Council will need to acquire new capacity and skills sets in development planning and major project management, business environment, positioning/branding/marketing, and interventions in labour and property investment markets as well as effective economic advocacy and inter-governmental liaison. The OECD has not reviewed the extent to which Derry City Council has these skills and capacities at its disposal, **but** it is clear that there are some doubts about this. In advance of the reforms that are anticipated in the future through planned governance reforms in Northern Ireland, it is essential to build up capacity and confidence in Derry City Council.

Ilex URC has played a very substantial and creditable role in the preparation of the plan, often acting as strategy convenor and broker as well as leading on major redevelopment projects, and being the chief interface between local stakeholders and central government. Whilst these roles are compatible in the short term, some important changes will be required in the medium term that need to start now. First, the convening and co-ordination role should shift decisively towards local and central government leadership with multi-sector participation. Second, Derry~Londonderry will need a development agency with a much broader technical skills set and resource base and with an orientation more geared towards partnership. Skill sets required will continue to include physical regeneration, but must also embrace enterprise development and job creation, city marketing, labour market interventions, and the utilisation of a wider set of investment tools. At the same time, it is clear that there is already the beginnings of institutional fragmentation in the city with separate organisations responsible for urban regeneration, city marketing, event management, tourism, etc. Resources available for all of these city development activities are limited and wherever possible it would be desirable to scale up a very small number of more integrated organisations rather than to multiply the number of single-purpose agencies. At the same time, a more integrated city development organisation would need a clearer mandate from local government and central government, with a more precise mechanism for stakeholder engagement. This will be achieved best through a more broadly based founding partnership.

Through the Derry~Londonderry Strategy Board a good co-ordination mechanism has been defined. It is essential now that all of the partners support these arrangements and make them work, with clear leadership and commitment from central government and local government and active private sector participation.

The role of central government will be the single biggest factor in how far the plan is successful. In Northern Ireland, central government holds a very high concentration of financial, political, and institutional authority, much higher than in most OECD countries. The extent of the active financial investment, moral support, and cross agency/department co-ordination will be the key determinant of success or failure of the plan. The early signs are good: the One Plan is in the Executive's Programme for Government and will co-ordinate its development activities in Derry~Londonderry in alignment with One Plan with the creation of an Interdepartmental Co-ordinating Group. From international experience we can observe that this approach will need to be sustained for two decades.

Derry~Londonderry can be optimistic about its future. Reshaping an economy against the backdrop of a global economic crisis and the legacy of history is an enormous but not insurmountable challenge. The city now has a robust and inclusive **strategy**; has defined the local development **system** and institutional framework needed to take the One Plan forward; and is seeing the emergence of a diligent and committed **leadership** platform. The city will need to remain focused and determined over the next decade to achieve the ambitious goals of One Plan. All stakeholders will need to play their role and assume the collective responsibility to change the economic and social trajectory of Derry~Londonderry, the evidence of this OECD LEED review suggests that this possible.

## Notes

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# Delivering Local Development in Derry~Londonderry, Northern Ireland

**INCLUSIVE GROWTH THROUGH ONE PLAN**