

Social innovation in urban revitalization – it might be a new experience

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1 THE CHALLENGE

Urban revitalization has been on the planning agenda in Europe for many decades. But what is the state-of-the-art? The URBAN Community Initiatives seem to be fairly representative. Between 1994 and 2006:

- 190 programs (urban areas) have been selected in the 15 EU member states
- targeting 5.2 million inhabitants
- with € 1.6 billion of funding allocated
- and a total investment of € 3.38 billion.

Starting from the diagnosis of multiple deprivation, the EU has advocated an integrated area approach with citizen participation. One may question the real impact of URBAN [1], but its rationale or basic philosophy is still convincing. Reading the evaluation report [2], however, one is left with the feeling that the evaluators (maybe ‘straitjacketed’ by the methodology prescribed by the European Commission) lack the discernment and understanding with which to penetrate the heart and essence of the problem. How can one, for example, explain that the evaluators have not in any way signalized the ‘explosive’ situation in the French suburbs. After all, the ‘riotous’ or ‘revolting’ Clichy-sous-Bois and Aulnay-sous-Bois (among others) have been among the ‘troubled’ urban areas selected for URBAN [3]. This is not to imply that ‘sensitive’ areas are exclusively a French phenomenon [4]. Violent outbursts only underline the urgency of the problem. The problem of multiple deprivation or social exclusion also exist without them.

URBAN intended to organize citizen participation in the development and implementation of programs. The individuals affected by severe deprivation were not to be treated as passive objects of intervention. The problem of urban deprivation was supposed to be tackled ‘at grass root level’. It is not only the French experience that casts serious doubts on effective citizen participation within URBAN [5].

Urban revitalization or regeneration is not only a matter of land use, built environment or social housing and planning, certainly, is not enough. New ideas are needed.

Social problems such as multiple deprivation ask for social innovations. The latter, unlike technological innovations, are not necessarily commercially successful as they are oriented toward the general interest. Even if cities often view themselves as competing with each other, their ‘success’ is rather to be measured in terms of social sustainability or social cohesion [6]. ‘Success’ is not only to be measured in terms of competitive economic and built environment outcomes, but rather to be evaluated in terms of social benefits and costs and their distribution. Social innovations are called for whenever the market fails in achieving distributive justice.

‘The solution of social problems lags behind technology because we have not organized the same sharp search for new ideas’ [7].

2 A SEARCH FOR NEW IDEAS

Ten cases have been selected for study ranging from Europe to the Americas and the Middle East [8]. They are diverse for a reason: there is hardly a royal road to social innovation in urban revitalization: as a form of territorial social innovation. In fact, all one can hope for is to find good practice. Of course, bad practice can also be informative, enlightening and instructive. Anyway, a framework is needed for analysis and evaluation. Here are the ingredients of such a framework:

- Innovations imply changes. What is the object of change? How tangible is it? Is it procedural, organizational, institutional? Is it a new or improved product or service? Or is it a technology?
- What is the objective to be achieved? One could answer this question by lofty goals such as ‘the greatest happiness of the greatest number’ or ‘to make the worst off as well off as possible’. More down to earth, it needs to be specified what present problem is supposed to be solved; what future

problems are to be prevented; or what aspirations exist for the future. In order to identify whose objectives these are, one must take a closer look at the process.

- Who are the actors or agents of change initiating the search for new ideas? They may belong to the public sector, the private sector or to social movements (the organized civil society). Actors may also represent wider geographical scales beyond the local level. This can affect the mobilization of means, too.
- Successful social innovations by definition are accepted socially. Hence the importance of users and their active participation in the process. At what stage do the users come in: becoming aware of and defining the problem, creation, implementation, evaluation? Participation in the innovation process turns users into actors.
- What means are mobilized by public, private and civil actors to achieve the objectives? The resources deployed can be financial ones, but also resources in kind. Means may also include less tangible elements such as influence or solidarity. The question is how actors, objectives and means are interconnected in some kind of stakeholder analysis.
- The proof of the pudding, that is to say the process is in the results: to be checked against the objectives and expressed in terms of objects.
- If the overall balance of results is positive, the label of good practice can be attributed to
- The case under study. Good practice may be transferable to other places – provided it
- matches or can be adapted to a different context.
- The final key word here is context. The diversity of the cases makes for a diversity of contexts. Trying to identify contextual variables, one can look at factors constraining the innovation process such as complexity, uncertainty, resistance, tensions, compromise or institutional rigidity. Applying, for example a social actor analysis, constraints can result from power, interests and legitimacy.

A full analysis of all cases is beyond the scope of this paper. Only one case will be presented in full. The others will only be highlighted.

Let us start with Montreal, the case that served as a source of inspiration for the entire study [9].

2.1 Local development as social innovation (Montreal)

2.1.1 Object of change

Two marginalized districts of Montreal: Canal Lachine Zone & Angus Technopole

2.1.2 Objective

Socio-economic conversion (to the new knowledge-based economy with special emphasis on employment)

2.1.3 Actors or agents (mainly Angus)

- CEDCs (Community Economic Development Corporations) to promote the partnership of actors in the district plus RESO in the case of Lachine and SDA in the case of Angus, an autonomous organization (local representatives & powerful financial partners such as Fondation, a union retirement fund)
 - Trade unions (FTQ, CSN)
 - Canadian Pacific Railway (CP) favoring an other development project at the outset: housing versus socio-economic conversion
 - City, provincial & federal governments
 - Outside organizations (Angus): UQAM (university), SNC-Lavalin, Fondation, Investissement Québec, Pricewaterhouse Coopers, Ecole Polytechnique etc

2.1.4 Means

- Land ownership SDA (land bought from Canadian Pacific Railway)
- Retirement fund trade unions

- Government financial support e.g. fiscal advantages obtained from the provincial government
- Other support from outside organizations such as universities

2.1.5 Results

- Construction of six buildings (including an industrial mall & a building specialized in social economy businesses): housing 30 companies creating more than 800 jobs
- Creation of two companies to assist in labor market reintegration (integrated environmental training and computer recycling center & wood recycling shop)

2.1.6 Good practice

- Positive results thanks to a successful ‘third sector’ approach: social enterprises, private firms and public sector initiatives – beyond a pure local dimension

2.1.7 Positive context

- Extended local dimension
- Financial commitment of trade unions to urban regeneration

2.2 The Eldonian Village (Liverpool)

The case of Liverpool [10] shares with Montreal the emphasis on employment (eroding in Liverpool and in the Merseyside region) together with strong local partnership. But the circumstances in Liverpool at the outset were certainly less favorable lacking the many supporting actors in the Quebec case. In Montreal, the Angus Technopole project was only contested, at the outset, by Canadian Pacific Railway. The inner city neighborhood in the area of Eldon Street had been scheduled for demolition making way for industrial redevelopment: rehousing the residents individually in peripheral housing estates. This plan however was successfully contested by the residents. Several rounds of conflict were fought with the municipality. Local partnership and leadership got organized under the umbrella of the newly created Urban Development Corporation for Merseyside. An Eldonian housing cooperative acted as prime mover followed by a body with a broader economic and social redevelopment remit. The overarching body, however, is the so-called Eldonian Community Trust, a charity which is fully representative of the local community. The community has created the Eldonian Village. Its portfolio comprises, among others: a residential care home for the elderly; an extra-care facility; a 50-place nursery ; a sports and leisure center; a meeting place, pub and social venue; a neighborhood warden training, employment and safety service. The Eldonians, in total, employ over 90 staff; operate eight community businesses; have provided over 400 affordable homes; have an asset base of over £ 50 million; have stimulated over £ 100 million of private investment; have an annual turnover of over £ 2 million.

The Eldonians have transformed the physical environment of the area and stabilized its social relations. After some twenty years, the project can rightfully claim to be a case of good practice, a view that is even shared today by Liverpool City Council. The Eldonian project has been nominated for the World Habitat Award 2004. The Eldonians have decided to hand on the good practice, launching the so-called Beyond the Boundaries program both within Liverpool and Merseyside and elsewhere. Moreover, they consider their experiment as a going concern.

2.3 ‘Bottom up’ (Gouda)

The case of Gouda [11], a medium-sized town in the Netherlands differs in many ways both from the Montreal and the Liverpool cases. It is a bottom-up approach at improving in a district in what appears as a constant fight with municipality agencies and municipality-related welfare institutions rather used to a top-down approach. The struggle until 2006 is about recognition and financial support or survival in spite of tangible results thanks to volunteering local residents. In the course of 2006, however, part of the initiatives has been included in neighborhood transformation plans.

The initiative is combined Moroccan-Dutch focusing on relations between Moroccans and Dutch (which is a sensitive issue today in many residential areas in the Netherlands).

Local partnership and leadership in the Eastern district of Gouda has never reached the momentum it has in either Montreal or Liverpool (although limited support has not only been received by the municipality, but also from the neighborhood organization, the local police and various private and privatized parties). Nevertheless, basically the volunteers have succeeded in creating the so-called R&M Activity Center. It provides a number of activities – club, support and leisure – in a former school building in the central part of the district. The center offers the residents a place to meet, to socialize, and to try to get a better understanding of education and work in Dutch society in order to improve opportunities. Apart from the daily and weekly activities, occasional conferences are organized about subjects of interest for the neighborhood as well as meetings to inform about work. Furthermore, a debate about the future of the district has been structured as a design studio in 2003 in which the residents have participated. These extra activities are usually supported by local or national institutions.

The first three cases presented are from developed countries, two of them from revitalizing cities with an industrial tradition, in especial Liverpool, the former ‘Port of the Empire’. But what about social innovations in developing countries and what about the similarities between the governance of the struggle against poverty in Europe and the developing world, especially Africa [12]? Our first Third World case is León, Nicaragua [13].

2.4 Urban development and self-help (León)

A plots program initiated by the municipality has been the motor of urban development. This land policy is socially oriented focusing on self-help housing including infrastructure and basic urban services such as water and electricity. Participation and knowledge development go hand in hand especially for low-income households without any alternative on the housing market. The actors involved are, apart from the residents, local businesses and associations. The plots program meets with some resistance from local landowners who refuse to sell land to the municipality and from private developers not in favor of self-help. Public financial means are not sufficient, but additional support has been obtained from NGOs and international city links with Hamburg, Zaragoza and Utrecht (after 2000).

Housing, however, is not enough. The key problem of León’s future development is employment. The municipality seeks to extend its policy to land development for economic development. In doing so, it faces an uncertain future.

Are there social innovations geared to job creation in poor countries of which there are so many, not only in Latin America (although Nicaragua is one of the poorest countries).

2.5 Battling the digital divide from the bottom up (Lima)

Our second case from a developing country is Lima [14]. Compared to Leon, its focus is sectoral, that is on ICT. A study of ICT-related transformations in Latin American metropolises provides the context for this case. It is the use of ICT in everyday life where Lima stands out. A high proportion of people is connecting from collective facilities and a high proportion of all Internet users are low income. Informal entrepreneurs have established businesses catering for the large demand for ICT services that cannot be met by conventional home connections, computer hardware and software. The so-called *cabinas* are already consolidated as facilities in most neighborhoods of Lima.

Cabinas are providing online services to sub-standard neighborhoods. The increased online communication with relatives abroad is alleviating poverty. Finally, processes related to Internet use in *cabinas* help to counterattack social exclusion with regard to different aspects of urban life, e.g. in public education which unlike private education lacks access to ICT.

The social innovation in the Lima case consists of battling the digital divide bottom up. There may be lessons to be learned for other developing countries or maybe even for developed countries.

2.6 The URBAN Initiative (European Union)

What is the role of the State or central institutions in urban social innovation? To answer this question, three cases have been introduced dealing with the role of the EU, of a state-owned financial institution in France and the role of the State in the Netherlands with regard to spatial development policy.

The URBAN Community Initiative has been presented in section 1. Does the EU qualify as a social innovator when it comes to urban regeneration? Concluding, it can be said that the EU as a facilitator of innovations has not scored positively on all aspects, but it seems to have made a difference in member states without an explicit national urban policy (also with additionality and leverage [15]). Partnership was new and consciousness of social inclusion policies (amidst others) seems to have been raised.

2.7 The CD's Urban Renewal Program (France)

The French example is that of the CDC, the Caisse des Dépôts et Consignations (founded in 1816), and more particularly its Urban Renewal Program [16].

A third of its total earnings is invested as part of so-called public-interest missions such as urban renewal or other local development projects [17]. To help local communities to find innovative solutions to their problems of urban revitalization – thereby reinforcing the social usefulness of CDC's actions – has been one of the strategic goals together with e.g. public-private partnership.

To finance some 100 urban renewal projects over five years, the CDC has mobilized more than € 500 million of its own funds plus a total of about € 4 billion worth of loans out of saving funds.

It should be noted that the CDC is present throughout France through its regional departments. These are networks of local establishments in direct contact with regional authorities and local business partners.

An ex-post evaluation has been carried out for 10 urban renewal projects, representative of the entire program [18]. The selected projects were located in neighborhoods defined as a priority in terms of achieving a better urban and social mix: upgrading of services and development of appropriate urban management; redevelopment of run-down or fragile territories; diversification or better distribution of housing supply and economic activities.

The CDC insists on the necessarily comprehensive dimension of urban renewal projects which is, however, primarily process oriented relating to engineering, and partnership-based governance. The challenge of urban renewal is a broad one as local communities must deal with 'problem neighborhoods' which does involve more than social housing.

The evaluation of the French projects within URBAN has shown that they favored physical & environmental regeneration rather than improvement of socio-economic conditions or social capital impact for that matter [19]. Has the CDC action achieved more balanced impacts in line with the nature of problem neighborhoods? Did the residents participate in the process? Projects were supposed to be undertaken 'in partnership and consultation with the various actors involved (including the residents)'.

Finally, there is the question whether the CDC qualifies as a social innovator. It may appear as a pioneer innovator since 1816. As to the Urban Renewal Program, its innovative role has been primarily been that of a pioneer investor: a unique banker stimulating projects that could not be undertaken by the market because of their low profitability in the short and medium term (even though long-term profitability can be obtained). That is to say, projects in the 'public interest'. Therefore it seems altogether justified that the CDC engages in international cooperation, exporting its model to other countries, e.g. Morocco, Tunisia and Poland.

2.8 The 'Agile State' (Netherlands)

The Dutch example is based on case studies at central, regional and local levels [20].

The State today, generally speaking, has to act in an environment marked by increasing complexity, dynamics, even turbulence. Spatial development policy, including urban revitalization, is no exception. Although new plans are launched continuously, their innovativeness does not go beyond tokenism if they are not implemented. A major impediment is that state or government organizations lack the flexibility required to cope with change. How to design an organization that is able to cope? The key lies in what is referred as agility. Agile means 'characterized by quickness or liveliness of mind, resourcefulness, or adaptability in coping with new and varied situations' (Webster's).

Translated into organizational conditions within state or government organizations, agility reads: demand-oriented performance, changeability of the organization, culture, leadership, and application of ICT. Culture stands for four behavioral aspects: responsible entrepreneurship, strong external orientation, high degree of mental flexibility of each staff member, and achievement-oriented behavior.

To create an agile State at different levels, represents a major social innovation.

2.9 A study in complexity (Jerusalem)

The Jerusalem case [21] is about a project that started in 1996 with external support from Swedish, Dutch and German NGOs and universities. The project is marked by a dialogue and cooperation between Israeli and Palestinian NGOs, non-governmental practitioners and academics. At a certain point the discussion centered on an urban development plan for Jerusalem. When urban development without peace proved to be impossible, the Israeli and Palestinian dialogue and cooperation shifted to scenario building.

Four scenarios were developed for the future of Jerusalem:

- ‘Besieged City’ (status quo)
- ‘City of Bridges’ (best case)
- ‘Fortress City’ (intermediate case)
- ‘Scorched Earth’ (worst case)

The scenarios enabled the Israeli and Palestinian participants in the scenario exercise to reach an agreement on main, positive elements of a vision for the future: rejecting the worst-case scenario and opting, optimistically, for the best case. The scenarios can be used to identify strategic levers of intervention, starting from the status quo and moving stepwise toward the intermediate case. The group experience and the scenario building are social innovations which can provide lessons for ‘cross-border cooperation’ in other divided cities. During the project reference has been to Belfast, Nicosia, Mostar and Johannesburg [22]. Whether these cases are really comparable remains to be seen. The lessons from Jerusalem are threefold:

- The peace process is not linear, but cyclical (the group was nevertheless able, in discussing the future of the city, to move from a political taboo to a shared vision)
- Talk and negotiation can be an important fact, without them the situation would even be worse
- Scenario building may not solve problems, but it can help to structure a common vision and to pinpoint the consequences of remaining on a destructive path.

2.10 Mondragón Cooperative Corporation (Basque Country)

Starting in 1956, a local productive system has been developed in Mondragón, in the Spanish Basque Country, based on cooperatives which later on have formed a corporation[23]. Also part of the cluster are facilities such as banking, insurance, social welfare, education (high education schools turning into a university) and technological research laboratories.

Mondragón Cooperative Corporation or MCC has made a major contribution to place-based development to more regional than urban revitalization. Unemployment today is as low as 2% to quote only one economic yardstick of success.

MCC has also undergone a process of internationalization to be measured in terms of overseas production and international sales. But the challenge of globalization is not limited to MCC’s international economic performance. It, too, involves the issue of transferring the good practice experience of Mondragón to other countries, in especial towards less-developed partners (here the case of León comes to mind). The young university (limited to 5000 students) is supposed to play a pivotal role. Its commitment to applied knowledge or applied sciences might even serve as an example for more developed cities or regions [24].

Potential topics for transfer are cooperative management & governance systems; territorial development & corporate social responsibility; intercooperative collaboration & development of the corporation; trust in collaborators.

Transfer of good practice seems possible even given the idiosyncratic nature of the Mondragón experience, being rooted in the Basque as well as in a social Christian culture. The latter explains the emphasis on defining ethical guidelines for transfer.

Ever since Mondragón, a socially innovative business is no longer an oxymoron.

The ten cases may be compared to SINGOCOM, a major European research program on social innovation in urban revitalization [25]. This project comprises 16 case studies in 10 cities in 6 countries. The cities are:

Newcastle, Milan, Brussels, Vienna, Naples, Lille, Berlin and some initiatives in Wales. They are compared in terms of innovative vision; innovative delivery; innovative institutional organization; innovative process and innovative scalar effect.

3 EVALUATION

Is there a common denominator for territorial social innovations?

It seems to be the creation of an innovative milieu, originally linked to technological innovation [26], but in spite of different aims also relevant to social innovation [27].

An innovative milieu or environment has the following characteristics:

- Group of actors (from business firms, research and educational institutions, public authorities; from the viewpoint of social innovation one has to emphasize citizens or users, that is those for whom the urban regeneration is done)
- Material, immaterial and institutional elements (plants, infrastructure and housing; know-how; public authorities and other organizations including social movements)
- Cooperation (or partnership among actors; networking to make best use of existing resources, thus creating value added or synergy)
- Learning or ‘apprenticeship’ (enabling actors to modify their behavior in order to develop new solutions, adapting to a changing environment).

Both cooperation and learning involve the external environment of a milieu, beyond the local context. Links to the external environment, which may even be international, are ensured by the formation of transterritorial networks.

Both cooperation and learning relate to:

- The creation of know-how required by urban revitalization
- The development of behavioral norms guiding the cooperation among actors
- The ability to detect specific resources of different actors and the milieu as a whole as opportunities for cooperation. Of particular importance is that those for whom the regeneration is done dispose of resources to achieve their aims which is the essence of real citizen participation and a far cry from tokenism. .

To plan is not enough. Successful urban revitalization requires much more to be sustainable. To quote the British approach [28], a sustainable community should be:

- Active, inclusive and safe
- Well run
- Environmentally sensitive
- Well designed and built
- Well connected
- Thriving
- Well served
- Fair for everyone.

In addition, ‘placemaking’ is called for, ‘a comprehensive package of measures which is implemented through an integrated placemaking vision and strategy’. With placemaking we have come full circle: we are back at the integrated area approach advocated by the URBAN Community Initiative.

4 NOTES

- [1] Drewe, P., The URBAN Initiative: the EU as social innovator? in P.Drewe, J.-L. Klein & E. Hulsbergen (eds) The challenge of social innovation in urban revitalization, (in preparation).
- [2] See GHK (2003) Ex-post evaluation Urban Community Initiative (1994-1999), Brussels & London. For Urban (2000-2006) see Commission of the European Communities (2002) The programming of the Structural Funds 2000-2006, an initial assessment of the Urban Initiative, Brussels.

- [3] See Banlieues, trente ans d'histoire et de révoltes, *Manière de voir* 89, *Le Monde diplomatique*, octobre-novembre 2006.
- [4] There are more urban areas all over the EU 15 with at least a high potential of violent outbursts. They have similar underlying structural conditions awaiting triggering events which are basically unpredictable. And what about deprived areas in the new EU member states?
- [5] According again to the evaluators, the UK programs may have been an exception, adopting a 'broad integrating approach' marked by a focus on local community groups, aiming to integrate community groups, voluntary groups and residents. But then this community-focused approach has not been successful everywhere (for example not in Glasgow North or Hackney Tower).
- [6] See Drewe, P. (2006) Thinking cities: what paradigm? Unpublished manuscript, available from: <pauldrewe@wanadoo.nl>
- [7] Platt, J.R. (1966) *The step to man*, John Wiley & Sons, London & Sidney: 132.
- [8] Drewe, P., Klein, J.-L. & Hulsbergen, E., The challenge of social innovation in urban revitalization (in preparation).
- [9] Klein, J.-L., Local development as social innovation, in Drewe, Klein & Hulsbergen, op. cit.
- [10] Roberts, P., Social innovation, spatial transformation and sustainable communities: regenerating Inner Liverpool – the case of the Eldonian Village, in op. cit.
- [11] Hulsbergen, E., Bottom-up in Gouda East: design studio, in op. cit.
- [12] De Muro, P., Hamdouch, A., Cameron, S. & Moolaert, F., Combating poverty in Europe and the Third World: the role of networking within and across cities, in op. cit.
- [13] Bredenoord, J., Urban development and self-help in León, Nicaragua, in op. cit.
- [14] Fernández-Maldonado, A. M., Battling the digital divide from the bottom up in Lima, in op. cit.
- [15] Meaning that additional resources have been developed including direct and indirect private-sector leverage.
- [16] Blais, A. & Narring, P., The Urban Renewal Program (PRU) of Caisse des Dépôts et Consignation (CDC): innovative action to regenerate French towns and cities, in Drewe, Klein & Hulsbergen, op. cit.
- [17] One third is paid to the state as dividend with a payout ratio comparable to that of private companies; another third is retained by CDC as its own saving fund.
- [18] The ten projects are located in Arcueil, Bordeaux, Clichy, Creil, Perpignan, Reim, Roubaix, St. Etienne, Toulouse and Vaux-en-Velin.
- [19] GHK, op. cit.
- [20] Mierop, R., The Agile State, an organizational view on spatial development policy in the Netherlands, in Drewe, Klein & Hulsbergen, op. cit.
- [21] Nasrallah, R. & Amin, A., The case of Jerusalem: a study in complexity, in op. cit.
- [22] Working with a German NGO included 'learning from Berlin'.
- [23] Grellier, H., Larrasquet, J.M., Lopez Perez, S. & Ugarte, L., Thinking about transfer from the Mondragón experience, in Drewe, Klein & Hulsbergen, op. cit.
- [24] See Drewe, P. (2006) Innovation – more than just a sound bite? in A. Kuklinski, C. Lusinski & K. Pawlowski (eds) *Creative Europe, towards a new creative and innovative Europe*, Wyższa Szkoła Biznesu, National-Louis University, Nowy Sacz & Warszawa: 37-51.
- [25] De Muro et al, op. cit.
- [26] See Camagni, R. & Maillat, D. (2006) *Milieux innovateurs, théorie et politiques*, Economica Anthropos, Paris.
- [27] Matteaccioli, A., Social innovation and urban regeneration from the perspective of an innovative milieu analysis, in Drewe, Klein & Hulsbergen, op. cit.
- [28] Roberts, op. cit.