

PLACE-BASED FINANCIAL INCENTIVES



SUMMARY

Financial incentives are an important instrument in business support and innovation policy, but they are under-used at the local level.

Local or so-called place-based financial incentives are designed to respond to a local need or support the implementation of a local policy. They can come in many different forms such as vouchers, prizes, tax reliefs, other financial assistance or even as non-monetary incentives.

The most important element of a place-based financial incentive is commitment to the location or the local policy.

Creative power makes cultural and creative industries an incredible source of innovation, and local financial incentives can unleash the important impact of this sector for sustainable growth, job creation and the wider social development perspective.

Place-based financial incentives solve Place-based challenges with Place based solutions contributing to Place-based local policies.

Financial incentives mostly target actors in the private sector to motivate action that otherwise would not occur. Financial incentives can minimise an entrepreneur's risk to try something new. This can include, for example, financial incentives to establish a business in a certain location or the support to expand a business or to not re-allocate elsewhere. Using incentives, local authorities can provide expertise or services to businesses to stimulate the development of new products or services that are in the local interest.

These incentives aim at strengthening local competitiveness and foster cooperation at the local level among businesses, the local community and public administration.

Think about your place-based financial incentives that you have in place. Do they lead to place-based solutions that have an impact on your community? Subsidy programmes, for instance, often support the status quo of something, but do not lead to innovations or new actions.

Place-based financial incentives can take different forms. Which financial incentives do you have in place and what type of incentives you wish for in your municipality?

Prizes for ideas or results	Vouchers for purchasing services / equipment
Non-monetary incentives, e.g. free parking space, other free services Targeted tax reliefs	Call for small-scale projects, e.g. to respond to a local need or weakness
Targeted tax reliefs	Subventions, e.g. renovation costs of historic buildings
Other financial assistance, e.g. to start-ups	Covering of costs e.g. for participation in events like trade fairs



The Centre for Projects of the Timișoara Municipality tackles this challenge by funding, from the local budget, initiatives in culture, education, youth, civic action, sports and the environment which give life to a creative, dynamic and inclusive city. It does so by organising annual open calls where the best project proposals are evaluated by external experts.

La Figurat Association's Sit+Read Fair, an annual event dedicated to independent publishers and artists, is one of the projects financed via open call by the Timișoara Municipality. Sit+Read features local and national artists, book publishers and independent publishers.

What are the »creative industries«?

Creative industries (CI) also referred to as creative and cultural industries or creative and digital industries are "comprised of all sectors whose activities are based on cultural values, or other artistic individual or collective creative expressions". (EU Commission)

On the EU level, CI are divided into nine industry fields: architecture, books & publishing, design, advertising, film, music, radio & TV, software & games, and performing arts (EU Creative Industries Technology Strategy 2009-2012).



GABROVO INNOVATION CAMP 2020

In 2020, Gabrovo Municipality, Gabrovo Regional Information Centre and Innovation Starter Box challenged the community to participate in #Gabrovo hackathon. The prize was 10 000 BGN, provided by the Municipality of Gabrovo and the Gabrovo companies Stemo Ltd, Sientia Ltd and Graficsoft Ltd.

Teams from all over the country participated in the event, which took place between 10 June and 12 September 2020. Their task was to develop innovative multi-platform applications addressing a specific problem, disadvantage or potential of the municipality of Gabrovo. They were given three thematic challenges:

1.Code "Green", 2.Citezens.net, 3.Tourism@Gabrovo

<https://gabrovoinnovationcamp.eu/innovation-camp-2020/>

But the most important ingredient of a place-based financial incentive is commitment to the location or the local policy

Creative voucher in Kamnik, Slovenia

Gregor Torkar, radio moderator and DJ, opened a vinyl record shop in Kamnik (Slovenia) in a space, which has been empty for many years. He participated in a voucher scheme for entrepreneurs opening a business in Kamnik's old town. Gregor used the voucher of 5.000 EUR for creative services to improve the interior design of the shop



POLICY RECOMMENDATIONS

Do the financial incentives you have in place lead to the impact at local level that you want? **If not, abandon them!** There is a large variety of place-based financial incentives. Find the right one for your local need or challenge!

Support the cultural and creative sector! Their creative power makes Cultural and Creative Industries an incredible source of innovation. With the spread of digitalisation, the lack of resources, carbon-neutral production, but also new social challenges, we all, businesses, but especially policy needs to recognise the innovative and creative potentials of this sector. Local financial incentives for CCI can unleash the important impact of CCI to sustainable growth, job creation and to a wider social development perspective.

Trust in your people! Locals better understand local problems. Local financial incentives empower them to find solutions that contribute to the prosperity of their community. New partnerships are created, and existing ones become stronger, communication and cooperation between different stakeholders is strengthened.

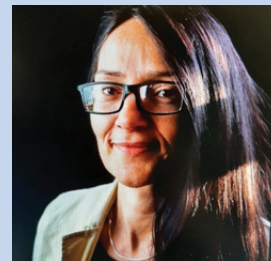
TESTIMONIALS



Tanya Hristova
Mayor of Gabrovo
Municipality, Bulgaria

For me, as mayor, it is extremely important to work to turn Gabrovo into a supportive environment for people and businesses with a creative profile and entrepreneurial potential. Only in this way will we be able to bring about a renewing transformation of the city and its people, who in their symbiosis are key to unlocking Gabrovo's full potential for sustainable and inclusive development. That is why it is increasingly important to find ways and support pilot ideas that can change an urban environment or a human destiny. The role of local government in this inspiring process should be leading and working in broad partnership to develop a strong entrepreneurial ecosystem. For the process to be truly motivating, it is essential that local government works with all key partners and together develop and offer appropriate financial tools to support and develop such initiatives.

At our agency we manage many financial support programmes. Municipalities should not be afraid of using financial incentive programmes. They can be designed with less administrative burden for both, the applicant and the managing body. Support organisations such as our agency help municipalities with the design and implementation of financial incentives.



Nikolina Pupavac
Business development
advisor at the Regional
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Bačka in Novi Sad,
Serbia



Grit Ackermann
Coordinator of the
CINEMA project,
Chamber of
Commerce and
Industry of Slovenia

The importance of the creative sector cannot be underestimated. Because of the digitalisation and the need for sustainability and resilience, many sectors need to rethink their focus and their way of doing business. The creative sectors with their change-driven mindset can challenge a traditional logic in a positive way. We need to unlock this potential!

This policy brief has been prepared by the partners of the CINEMA project in November 2022.



RRA LUR

National Development Agency
of the Roma in the region



Schön,
hier zu
leben.



Agenția de
Dezvoltare Regională
Nord



The opinions expressed in this document are those of the authors and do not necessarily reflect the views of the Interreg Danube Transnational Programme.