

Cities and Communities that Work: Innovative Practices, Enabling Policies

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Executive Summary

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Executive Summary

Two decades of economic restructuring, the globalization of competition, and rapid technological change have combined to create a world of great uncertainty and complexity. Not surprisingly, governments and citizens now place a premium on generating new knowledge to tackle unfamiliar problems. The need to replace inefficient, unsustainable practices with intelligent, responsible ones crosses organizational boundaries. Simply put, innovation – applying the best ideas in a timely fashion to emergent problems – is an urgent priority in the private, public and voluntary sectors.

Most obviously, firms competing in the global marketplace seek ways to bring higher quality, lower cost products to the marketplace before the competition. But today, the importance of innovation extends well beyond the economy and the workplace. Many of society's greatest challenges – from achieving ecological balance to creating meaningful employment for all citizens – equally demand new thinking, organizational creativity, and institutional adaptation.

Nonetheless, the notion of innovation itself is contested. This Discussion Paper takes a broad view of what constitutes desirable innovation. It focuses on collaborative processes among diverse actors that produce integrative or holistic understandings of challenges and potential solutions. These processes can occur in fields other than the economic, and involve breakthroughs beyond the introduction of new products to the marketplace by firms. Indeed, progress resulting from such innovative practices may be monitored, over the longer term, along a variety of dimensions including: enhanced planning capacities in communities that balance the needs of the natural and built environments, greater participation in the knowledge-based economy for all citizens, and more robust democratic engagement through citizen involvement in electronic networks.

It comes as no surprise to find Canadian cities are “back on the policy agenda.” A host of recent policy reports from academics, research institutes, political parties and even banks are making new connections between seemingly intractable national problems – for example, declining economic productivity, growing income inequality or environmental degradation – and the absence of robust problem-solving capacities in our cities and communities. Many governments are now searching for an “urban policy lens” whereby national and provincial frameworks are informed by local knowledge and implemented in partnership with community-based stakeholders.

At the same time, growing attention is being paid to the need for local actors themselves to develop their own strategies for success in the global era. Indeed, a growing body of Canadian and international policy research finds that those cities, large and small, that demonstrate an institutional capacity to engage diverse actors in collaborative planning processes are also the most adaptive and innovative. Such places are today's *learning communities*, so named because they provide the right context – institutional, organizational, and attitudinal – for upgrading their economy and for improving the quality of life and living standards of their residents.

Research also shows that learning communities do not just pop up anywhere. Geographic proximity and spatial clustering only set the stage for an innovation milieu. Progress follows in

those cities and communities that build on the latent advantages of urbanization. Acquiring better knowledge of how such communities position themselves for success is thus a pressing concern for policy makers at all levels of government, from the local to the supra-national.

To that end, this Discussion Paper surveys the burgeoning cross-national case study literature that now exists on *community-based innovation*. The goal is to take stock of these diverse experiences about how local actors, in partnership with others, enhance their capacity for working towards sustainable development, and to present the key findings about innovative cities and regions in a more systematic fashion than is presently available.

To achieve this goal, the paper is organized into three parts. The first part clarifies the meaning of community-based innovation, and explores the larger historical and contemporary forces that are driving the “local turn” in governance and public policy. While studies of community-based innovation make clear that there exists no single model or cookie cutter approach to making change, it is also the case that certain key ingredients can be identified. The literature stresses seven building blocks in successful community-based innovation: (1) the emergence of local champions, (2) the formation of institutional intermediaries, (3) a commitment to equitable participation, (4) a civic culture of creativity, (5) the provision of financial and technical resources, (6) robust accountability mechanisms, and (7) development of indicators to benchmark progress.

Finding these seven building blocks in any city or community that is attempting revitalization is far from guaranteed, and the Discussion Paper argues that their presence reflects a dynamic local interplay of three forms of social learning: civic, administrative, and policy.

The second and largest part of the Discussion Paper carries these conceptual matters to a profiling of innovation dynamics in 11 cities in Canada, Europe and the United States. The focus is on mid-sized cities and smaller communities that have already gained some recognition and scholarly attention for their creative responses to today’s challenges. Rather than rehearsing the by now rather familiar stories of the world’s “high technology hot spots” or “global cities,” our concern is to draw policy lessons from various “second tier” local places, less well-studied but representative nonetheless of much contemporary urban experience and community dynamics.

The cases are sorted into three general categories reflecting the type of challenges faced. In the rural or remote communities (Kelowna, British Columbia; Meadville, Pennsylvania; North Jutland, Denmark; and Beauce, Quebec) innovation challenges focus on diversification of traditional economic bases, while also reversing negative demographic flows to sustain a critical mass of local knowledge workers and entrepreneurial talent. In the older industrial centers (Pittsburgh, Pennsylvania; Bilbao, Spain; Halifax, Nova Scotia; and Dublin, Ireland), innovative practices revitalize or even replace an ageing manufacturing base. Specific priorities include regenerating central business districts, making new use of vacant or derelict lands, and forging a shared vision across metropolitan spaces from inner cities to outer suburbs. In the geographically dispersed regions seeking to build knowledge-intensive clusters (Kitchener-Waterloo, Ontario; Saskatoon, Saskatchewan; and Portland, Oregon), innovation demands building institutional capacities for rapid and full deployment of new information and communications technologies. Specific priorities include networking between research institutes

and small business, the coordination of municipal resources at the regional scale, and “smart growth” land use planning.

The third and final part of the paper draws together the conceptual discussion in Part 1 and what has been learned from the case studies in Part 2. We highlight both the basic commonalities or shared characteristics of all the innovating places, and salient points of difference among them.

The most basic point of convergence is the effort to “build from within.” That is, in these places, local actors were searching for, and experimenting with, development models that aimed to grow local assets – ranging from global business clusters and leading edge workforce skills, to inclusive neighbourhoods with well-preserved built and natural environments. The general dynamics of innovation were the same, combining bottom-up strategies with top-down support from higher levels of government. Further, the mechanism or vehicle for planning and implementing change took a similar form: public-private partnerships that supplied an infrastructure for collaboration, learning, and investment. Such partnerships were typically anchored institutionally in dedicated agencies or bodies with the visibility and legitimacy to coordinate input from the public, private and voluntary sectors.

The cases also pointed to another positive dynamic of the community-based approach. The very process of convening multistakeholder networks at the local level, where different players have an opportunity to learn from one another, generated its own synergies and momentum. Simply put, there were a number of instances of positive spin-offs: success in solving one problem fed into progress on another. In some cases, the synergies were evident over time as effective mobilization in one era set the stage for progress in subsequent rounds. In other cases, the effects were more immediate, as the same actors made “real time” connections across projects, for example, between brownfields redevelopment and environmental renewal, or regional technology business networks and employment outreach to distressed neighbourhoods.

Of course, the specific achievements of the community-based processes varied in accordance with local priorities and conditions. Moreover, each of the national systems created its own context for local initiatives. Community-based innovation is enabled or constrained, and channeled down particular paths, in relation to policies and institutions at higher levels of government. Here the Canadian cases sit somewhere between the European and American “models.” Federal and provincial governments have been more engaged than their American counterparts in all the cities and communities through a number of financial and regulatory instruments. At the same time, this policy support, in comparison to the European experience, lacks the focus and funding to really make a difference. The OECD’s recent “territorial review” of Canadian policies and practices described a “disjointed approach” to community-based innovation. The Canadian cases reviewed in our Discussion Paper are consistent with this assessment. For the most part, federal and provincial governments have not fully appreciated the interdependence of economic and social investments in building strong communities.

There are lessons for policy actors at all levels of government. Here it is important to underscore that if the community-based paradigm is to generate sustainable innovations, the process must not involve the “hollowing out” or dismantling of national state capacity. Rather the goal is *multi-level governance* that allocates roles and responsibilities in relation to the comparative

advantage of each government in contributing to community-based innovation. Municipalities are best able to convene the actors for partnerships, to undertake land use and development planning for inclusive urban and metropolitan spaces, and to work with other local authorities – school boards, band councils, social service agencies, and so on – to secure upper-level policy support and ensure its fit with local conditions.

For their part, provincial, federal and supranational governments are all variously equipped to supply resources to local actors for building the infrastructure and relationships of the learning community. They can also facilitate inter-local sharing of experiences by sponsoring the “scaling-up” of community demonstration projects and by transferring best practice lessons from one locale to another. And their financial and regulatory tools are indispensable for preventing territorial disparities in social services or “beggar thy neighbour” investment competition between localities. Linked directly to issues of local financing is accountability for monies transferred to community-based partnerships. A balance must be maintained between local responsiveness and autonomy, and sound reporting protocols for public funds transferred from above.

Community-based innovation remains, everywhere, a “work in progress.” Fortunately, Canadian policy communities are now well positioned for just such work. There is much to be learned from European and American experiences, where local innovations have been pursued more systematically and for a longer period of time. These lessons, appropriately contextualized, can inform recently launched Canadian initiatives. The three levels of government and their community partners are currently collaborating in cities and regions across the country on various initiatives, ranging from urban development agreements to municipal green funds and strategies to combat homelessness. These are promising departures, worthy of careful study and further policy support.

Key Words: cities, communities, innovation, local economic development, public-private partnerships, urban governance, multi-level collaboration