

Brussels, Belgium

Fostering sustainable growth in the inner city

Brussels Sustainable Economy is a Brussels Capital Region initiative designed to stimulate new enterprise, and therefore jobs, based on the creation of environmentally orientated economic activity. The project is part of a programme to improve conditions in a disadvantaged inner-area of the city alongside the canal, and targets six specific environmental circuits: eco-construction, renewable energy, waste, water, sustainable food, and green chemistry and green/white biotechnology.

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The Brussels Sustainable Economy project has been inspired by the double challenge facing the city in its drive to comply with the Europe 2020 strategy. The economic crisis of recent years has placed growing unemployment and the problems related to energy consumption and climate firmly in the policy spotlight of the Brussels Capital Region. In fact the regional authority has established an 'Economic-Environmental Alliance' at the heart of its governance model in order to foster a cross-ministry, cross-departmental integrated approach – to simultaneously encourage economic revival and tackle ongoing environmental deterioration.

One of 37 EU-funded projects aimed at improving conditions in a particularly disadvantaged inner-city area alongside the canal during the programming period 2007-2013, BSE aims to create new business and jobs based on exploiting opportunities and needs in six well-defined environmental sectors. Building on existing regional and local initiatives and policy orientations, the project prioritises eco-construction, renewable energy, waste, water, sustainable food, and green chemistry & green/white biotechnology. These are fields of operation which have a real relevance for urban regeneration in the social, functional and physical context of the target area.

Three different but complementary organisations have joined forces to manage, coordinate and implement the project: Brussels Environment, the Brussels Enterprise Agency and the NGO Groupe One. Each brings specific expertise to the tasks of identifying, encouraging, supporting and coaching new enterprise opportunities. This partnership represents an innovative tactic allowing the project to reach a particularly wide range of stakeholders – research, knowledge and learning institutes, the business community, young entrepreneurs as well as grassroots start-ups and job seekers. In this way it is able to address both high-tech and low-tech opportunities and bottom-up initiatives. The partnership also actively promotes a full lifecycle approach to the question of business development.

Having prepared a strategic plan, the project is now implementing 35 concrete actions, including setting up a business incubator, science park and coaching academy, treating and recycling waste and finding energy solutions for the roofs of public buildings. It represents an exciting step for Brussels Capital Region which expects to generate 3 000 green jobs, 578 new green enterprises and 572 new products and services as a result of the initiative.

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Green growth – seeds or shoots

As in many European countries, Belgium and its regional and local authorities have over the last decade progressively introduced measures to improve environmental sustainability. The generation of renewable energy in the form of wind power has increased. Subsidy and tax rebates have been applied to support low-energy heating systems, roof insulation, high-performance glass replacement, solar and photovoltaic appliances, while household refuse is separated before collection. There has been a steady intensification of effort to reduce the city's ecological footprint.

Proactive or direct support for green enterprise or business has been less apparent, even in the circumstances of a persistent financial and economic crisis. Instead, concern has been evident for the health of the knowledge-based and service industries, transport and manufacturing. This raises some important questions about the concept of 'green growth'. What exactly are environmental economic activities? How can we assess the value of green jobs? Statistics on green employment are proving very difficult to evaluate.¹ Even in the initiatives mentioned above we often find that these products and services are being supplied by existing firms simply modifying their activity pattern, as they have done in the past, to respond to market demand or changes in technology.

It is within this evolving situation that the Brussels Sustainable Economy (BSE) project presents an opportunity to develop a new dynamic approach to foster the creation of environment-based enterprise and ultimately employment in the Belgian capital. It is one 37 projects approved by the Brussels Capital Region within its operational programme 'Objective 2013: Investing Together in Urban Development' (2007-2013) and benefiting from ERDF support. All projects are to support the regeneration process in a problematic inner-city area designated as a 'priority intervention zone' (PIZ). Alongside BSE, four other projects are grouped around the objective to establish **a centre for urban development linked to the economic sectors of the environment**, under the priority focus 'Support for territorial competitiveness'.

A special partnership

In 2007 regional authority launched a call inviting proposals to contribute to the creation of this 'Green Development Pole'. The three partner organisations now running the project submitted independent tenders focussing on stimulating new environment-based economic activity. Each responded from its particular specialist perspective, and following a process of negotiation, it was decided that a partnership between them would be the most effective way of delivering concrete results. A project brief was developed on this basis, resulting in cross-ministry approval of the Brussels Sustainable Economy project.

This consortium is the key to the day-to-day running of the project. It involves three complementary organisations, two governmental arms-length agencies – Brussels Environment (Environment Ministry) and Brussels Enterprise Agency (Economy and Employment Ministry) – along with the specialised NGO Groupe One. Brussels Environment is in fact the regional Brussels Institute for Environmental Management, which traditionally has a role as environmental watchdog dealing with environmental impact assessment and providing base data to support environmental/energy/transport policy-making. Recently a new department of

¹ 'Boundaries between what is and is not low-carbon work are becoming increasingly blurred as economic activities improve their resource efficiency and, as this study illustrates, much of the skills base relevant for low-carbon jobs can be found in existing occupations'. *Skills for Green Jobs: European Synthesis Report* – CEDEFOP 2010.

Economy, Employment and Environment has been added to this institution and it is this economic wing which is charged with piloting the project. The Brussels Enterprise Agency is directly responsible for supporting development of existing and new enterprises seeking to operate in the region, with particular current interest in ICT, green technologies, life technologies and sustainable construction. The third group member, the NGO Groupe One, has a more grassroots experience in small business and start-up support in both Belgium and the Congo.

As a result of the negotiation process, there was a mutual agreement (between the employment ministry, the environment ministry and the three partners) that Brussels Environment should coordinate the project. This agency has both overview capacity and the ability to assure environmental relevance. However the specific roles assigned to the partners require co-responsibility for the management of actions, and so there is an element of co-production and co-leadership. Each partner has been accorded his own slice of the budget to cover operational costs and activities to be carried out during the funding period. The project's budget for 2008-2013 totals €1 962 338, of which the ERDF is contributing half – €981 169. This is split three ways as follows: €687 612 to Brussels Environment (IBGE-BIM), €704 725 to Brussels Enterprise Agency (ABE-BAO) and €570 000 to Groupe One.

Activities and target groups

The challenge the project has set itself is twofold: to generate economic activity and employment by developing environmental enterprise, and in particular to revive opportunity and quality of life in the priority intervention zone. The goal is **to create and implement a strategic plan to develop key economic sectors in the environmental field** by pursuing the following four objectives:

- establish a register (a 'state of play') of environmental industries and enterprises operating in the Brussels Capital Region
- develop the 2020 vision for Brussels set out in a strategic programme and action plan
- reinforce existing green economic initiatives in Brussels by stimulating weaker links identified in the sector and by optimising and consolidating value chains for each initiative
- identify interesting niche opportunities for new products and technologies and better structure the circuits in this field

The project is clearly aimed at improving conditions in the Priority Intervention Zone. The presentation of objectives, however, suggests that intervention in this zone is also intended to have a wider impact, extending action in this strategic policy area across the region.

An initial scoping exercise identified six sectors which form the key components of the strategic plan: **eco-construction, renewable energy, waste, water, sustainable food, green chemistry and green/white biotechnology**. Within these priority sectors small, medium-sized and micro businesses, university spin-offs, start-ups and seed enterprises both in high-tech and low-tech spheres are targeted. The project seeks to create employment by creating new green economic activities and by providing support for existing companies. In this sense the labour market in general, and local job seekers in particular, represent a secondary group of recipients. Furthermore the focus on action in the priority intervention zone is also intended to benefit the local community as a whole, through physical regeneration (new construction, infrastructure and functions, brownfield rehabilitation etc.), environmental gains (reduced energy consumption, green service provision etc.) and improved socio-economic opportunity.

The Priority Intervention Zone

According to Eurostat figures released in 2011, Brussels was the third-richest region in the EU after London and the Grand Duchy of Luxembourg, a major headquarters location for international firms and organisations and of course EU institutions. However Eurostat also points out that *'GDP per inhabitant figures can be significantly influenced by commuter flows.*

Net commuter inflows push up production to a level that could not be achieved by the resident active population on its own'.² This is certainly true in Brussels as the region is also home to some of the poorest concentrations of Belgium's urban population, particularly in central districts like Molenbeek, Anderlecht and Schaerbeek. City unemployment levels are significantly higher than the in the rest of the country. In 2009 the OECD³ reported that Brussels was severely affected by the recession in employment terms, with a 6.5% increase in the March 2009 unemployment rate compared to the same month in 2008. The crisis has exacerbated this territorial and socio-economic discontinuity but the symptoms are not new.

The situation in the PIZ provides a striking illustration of the starkness of this duality. With over 150,000 inhabitants (15.5% of the region's population), this area in 2002 accounted for 27% of the total unemployed and 35% of the unemployed under the age of 25. Population is growing more rapidly here than in the rest of the region, with 41% of inhabitants under the age of 25. There is a high incidence of poor migrants (Moroccan, Turkish and EU origin predominate) among which income, educational achievement and employment levels are disproportionately low, and 25% of the population is considered to be living below the poverty line. The area has experienced sporadic, short-lived, periods of social unrest over recent years.

Since the inception of the Brussels Capital Region in 1989 successive governments have concentrated on developing a 'city project' to stimulate economic growth and combat localised multiple deprivation.



Fig. 1. Mixed development between Anderlecht and Molenbeek: existing production and warehousing activities

Regeneration (economic and social) of the former industrial zone along the canal at the very heart of the region has been a constant objective. The zone covers parts of seven municipalities: Anderlecht, City of Brussels, Forest, Molenbeek, Saint-Gilles, Saint-Josse and Schaerbeek. Now expanded and identified as the priority intervention zone (PIZ), the core area was an Objective 2 zone between 2000 and 2006 and benefited from URBAN 1 and II initiatives as well as an ongoing multi-phase regional programme of 'neighbourhood contracts' (*contrats de quartier/wijkcontracten*) and cultural-citizen initiatives such as Platform Kanal.⁴ The emphasis has progressively been built on the conversion of economic activity, supporting the mix of populations and functions, improving social cohesion and enhancing the attraction of the area. Two prime regional development poles (the Tour and Taxis goods depot and the West Station⁵) and five potential brownfield development sites are key strategic locations identified to catalyse the redevelopment process.

² <http://euobserver.com/886/27649>

³ Greg Clarke 2009 *Recession Recovery and Investment: Local Responses in a Global Crisis*, OECD

⁴ <http://www.platformkanal.be/>

⁵ <http://www.tourtaxis.be/>, <http://www.morgenbrussel.be/fr/zones/detail/id/6>

La Zone d'Intervention Prioritaire

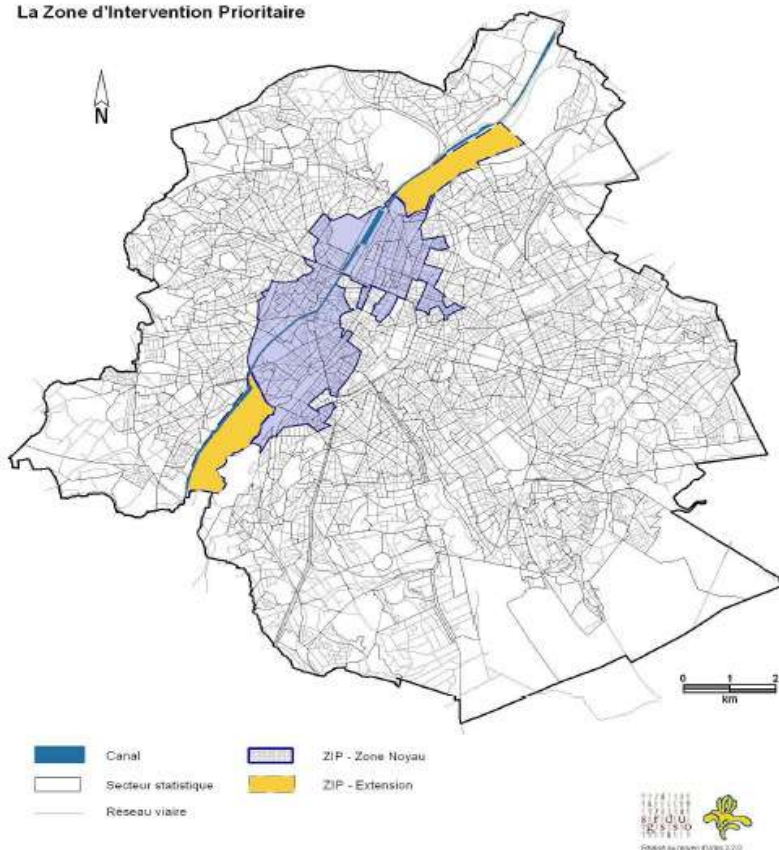


Fig. 2. The Priority Intervention Zone

The Brussels Sustainable Economy project seems particularly adapted to the needs – income and jobs – and opportunities of the target zone, where existing activity is strongly biased towards the construction sector, the café and restaurant business and social enterprise. The central location offers advantages and disadvantages in terms of the scale of operation which might be envisaged, but there are still a number of brownfield sites and workshop-type properties which lie undeveloped or under-exploited in economic terms.

A coherent and participative method

The real operational window of the ERDF-funded part of the project can be described as starting in 2009 and is programmed to finish at the end of 2013. The end horizon of the initiative is however foreseen for 2020. In this way the ambition is to ensure that key motors of the project and an effective management structure are in place, so that activity from the funding period will continue post-2013 on a guided (as core business with normal funding from existing authorities) but self-sustaining (finance, private sector involvement) basis.

In order to achieve this, the funding period covers three phases of activity: a preparatory phase involving consultation and partnership building (two months) a study phase resulting in the development and approval of the plan (10 months) and an implementation phase which accounts for the remaining 48 months of project activity. During this timescale three main tasks were programmed:

- The production of the strategic plan to develop green economic activity in the Brussels Region (2009-2013). The plan is designed to identify priority actions for implementation in the six environmental sub-sectors considered most likely to deliver economic development, green jobs and environmental added value;

- The establishment of a strategic monitor for each of these sub-sectors (monitor of technological opportunity, monitor of market conditions) (2009-2013);
- The implementation of actions prioritised in the strategic plan (2010-2013).

A first and key step in the procedure to bring the above-mentioned tasks to completion was the commissioning of a study which would underpin the drafting of the strategic plan document. The strategic plan is the result of a broad screening and scoping process, subsequently refined to arrive at a feasible and manageable set of actions for implementation. The methodology adopted involved the following elements:

- Assessment of current state of play: desk-based review of business data and SWOT analysis of Brussels contextual framework, one-to-one interviews with 140 stakeholder representatives of the six green economic sectors;
- Diagnostic evaluation of the six sectors: analysis of 40 potential sub-sectors from the economic, employment and environmental perspectives, validation of initial conclusions across six focus groups, benchmarking of three comparable strategic initiatives in France, Italy and Flanders;
- Selection of 19 priority sub-sectors and actions to fix the implementation phase, based on multi-criteria analysis (market potential, strategic alignment, employment potential), resulting in identification of 22 thematic actions and 120 individual actions;
- Drafting of the strategic plan encompassing a multi-sector, 'octagonal' approach (see figure 3 below) to determine and allocate general and transversal actions across the six green circuits, as well as dedicated actions within each. The eight target fields set out in the octagonal structure provide a reference framework for the development of actions in the fields of management, knowledge, infrastructure, iconic projects, enterprises, finance and investment, authorities and branding & communication.



Fig. 3. The octagonal approach to eco-construction

- Definition of an operational plan (approved by the responsible ministries – economy/employment and environment) narrowing down the priority actions to reach 20 concrete initiatives programmed during the funding period, with another 15 previewed in the longer term (see below). These were selected on the basis of their expected positive impact on business and job creation, the rehabilitation of the priority intervention zone, and synergy with other green economic sub-sectors. These actions are grouped into three time-based categories to steer the implementation process which is now under way: fundamental actions; ‘quick wins’, and post-2012 actions.

Table 1: Brussels sustainable economy – actions

Fundamental/immediate	Quick wins	After 2012
1.1 Greenbizz incubator	2.3 Recycling facilities	1.2 Network of incubators
1.3 BSE Science Park	3.2 Transition space	1.5 Sustainable infrastructure (for businesses)
1.4 BSE Business Park	3.4 International Project PV Qatar	2.2 Waste treatment
2.1 Sustainable power plants	11 BSE Connect	2.4 Biomass platform
2.2 Waste treatment	12.1 Calls for tender	2.5 Transport and intelligent distribution network
3.1 BSE Technology Centre	12.3 Public building roofs	3.3 Competitiveness poles
5 Spin-offs	16 BSE International	9 Conferences and events
6 BSE project management office		10 Ecopolis
7 BSE development		13 BSE Capital Fund
12.1 Calls for tender		14 BSE Innovation Fund
12.2 Waste water network		15 Start-ups
20 Global media plan		17 BSE International
21 Launch event		18 Eco-Living-Village
		19 Iconic projects
		22 Dematerialisation

The study and scoping activity took longer than anticipated, which means that the initiation of the implementation phase has been delayed by almost a year. This suggests that it could have been advantageous to have launched some ‘safe’ types of action to run concurrently with the plan development phase. However the elaboration of the study has provided guidelines for the project partners to intervene and co-produce the strategic plan, reacting from their particular entry points and specialisations. A wide participative consultation process has been achieved. Focus group organisation and conclusions drawn from this have been used to refine the strategic and operational options, and to build awareness and support. The core businesses of all three agencies have been combined to make best use of their capacities, whether in scoping green economic opportunities, providing sector expertise (e.g. Brussels Environment in eco-construction), liaising with research institutions and businesses, supporting high-tech enterprises to develop their activities in relation to the project (BEA), or coaching and encouraging bottom-up starters or monitoring developments in the sectors (Groupe One).

The actions set out for the implementation phase are varied in scale and type and include: support for Greenbizz, a dedicated incubator; plans to establish a BSE Science Park and Business Park; treatment of roofs of public buildings; sustainable modernisation of the waste water network; setting up a BSE Academy; an intelligent delivery and transport model; small-

scale and low-skills recycling facilities. The first session of the Brussels Sustainable Academy was organised in January 2012. This is a six-month coaching and support course designed to enable eight groups of three persons to develop their business ideas. Selection is based on a call for candidates who either come with their existing start-up proposal or develop a business plan during the course. The course targets young university leavers, employees and job seekers with a certain educational attainment level. Concrete links have been established with seven private partners to support and sponsor the working of the Academy, including the Triodos Bank, Solvay Business School and the SME Management School.

Significant results forecast

Brussels Sustainable Economy is in an important transition phase, moving from the open partnership plotting of a road map to the start of real action. In this sense it is still too early to review results. The plan forecasts the creation of 2 950 green jobs, 578 green businesses and 572 new products and services, which would be a significant achievement

The production of the strategic plan itself can be regarded as an important intermediate result. It already provides valuable good practice elements in the list of objectives and methodology it applies to define the targets and actions for implementation. It has involved strong outreach to a wide range of regional stakeholders (all governmental levels, universities and research institutions, business community, local representatives) in a real attempt to confront state of the art knowledge with what is happening or is feasible on the ground. The creation of the partnership, in terms both of the main thematic sectors represented and the combination of project partners, is an innovative aspect for the region, a conscious realisation of the value of more integrated working, where complex challenges require multi-perspective responses. This process and way of working is already eminently transferable as good practice and is not subject to legal, political or regulatory barriers.

Perhaps the most significant added value of the initiative is its ambition to transcend any narrow definition of sustainable growth. From the outset the project management has sought to close the circuit in each environmental sector under consideration, by promoting a full lifecycle approach. It also uses, in unison, a top-down and bottom-up strategy to help regenerate this severely deprived area of the city and improve conditions for both business and the community at large. This means locating new economic activity in the PIZ as well as involving local people in the green labour market, but equally engaging the community in energy-saving and recycling initiatives within their own living environment.



Fig. 4. Focus group meeting



Fig. 5. Enterprise Centre, Molenbeek

A project embedded in regional sustainable growth strategy

During the construction of the partnership, political responsibilities within the Brussels Capital region underwent a reshuffle, as a result of which the ERDF managing authority function passed to the Ministry of Environment, Energy and Urban Renewal. Current policy discussion is based around exploring a 'new green deal' or 'green business development plan' as part of the city's desire to counter the economic crisis by establishing a new growth model, as well as addressing the global ecological crisis through action at the local level. This is reflected in the unprecedented formation of the 'Employment-Environment Alliance' within the governance structure of the region. This combines the forces of different ministries (controlled by different political parties, Ecolo at environment and the Christian Democrats at employment), as well as agencies and organisations with a role to play in developing green economic activity. More subtle signals are also evident, such as the renaming of the last waves of neighbourhood contracts as 'sustainable neighbourhood contracts'. Even the decision to formalise an economic unit within the Brussels Environment structure is an important departure from 'normal' practice, and recognises the broader role environmental policy can play in urban development.

The new policy dynamic being explored in this field ('the Alliance') gives the project an added validity, and within the operational programme there is also encouragement to develop synergy between individual projects. There is a strong link between BSE and the GreenBizz project, a green business incubator designed to boost activity in the sectors of eco-construction, renewable energy and eco-products. This entity is also earmarked as the site for a downscaled coordination role after the BSE funding period has passed. Brussels Sustainable Economy also provides an effective framework to support a reciprocal trade agreement with the gulf state of Qatar. Belgium buys gas from the emirate and the project can accommodate a concrete return investment in renewable photovoltaic energy, exploiting both countries' expertise in this field.

A transferable approach

All good practices are ultimately judged on their final results. However, the quickest results will often be the result of the process aspects of the project, in features like awareness-raising, partnership forming, supporting existing initiatives, coaching and capacity building. In this sense a number of success factors can already be identified for BSE:

- Negotiated and well-developed partnership representing the key themes and specialisations essential to fulfilling the broad remit of the project;
- Awareness-raising through a consultative and participative outreach approach: effective, concerted use of focus groups to help identify actions for implementation;
- Promotion of a full lifecycle approach in combination with a top-down (high-tech)/bottom-up (low-tech) strategy is a real opportunity to involve the local PIZ community.

In terms of building an operational structure to facilitate action, these represent useful reference points for other authorities or organisations confronting similar challenges.

While the project's territorial emphasis is on the priority intervention zone, its objectives suggest that this exercise was conceived as a model intervention to stimulate practice, and to impact on development and economic activity, in the region as a whole. It is evident that some production activities or links in supply chains are inappropriate for a city-centre location, but this need not limit their being developed in other more suitable areas of the Brussels Capital Region. Furthermore the operation is geared not only to create, encourage and attract new enterprise but also to support existing companies, knowledge centres etc. which may or may not have a direct link to the PIZ at this point in time – but whose activities elsewhere can equally help to build the coherence of the project in situ.

Though BSE's target area and its approach to the building of partnership are specific to Brussels, the cooperation structure, awareness-raising and methodology are feasibly trans-

ferable to other cities and regions outside Belgium. There would appear to be few regulatory or legislative obstacles to the adoption of a similar approach.

An independent future

The project is not limited to a timeline determined by the funding period, so it should ensure that the fundamentals are in place so that the programme of actions can be further developed within an independent framework after 2013, with the public authority taking more of a back-seat enabling, coordinating, and stimulating role.

Another feature critical to BSE's success is the translation of the programme to the local level and to the local authorities – the seven municipalities with territory in the PIZ. This means that direct links must be established with key policy initiatives operating at the local level, particularly the sustainable neighbourhood contracts (*contrats de quartier durables/ duurzame wijkcontracten*). A pilot cooperation has been established to involve the Centre for Local Economy (which helps to create enterprises) in Saint-Gilles, and the intention is to spread this to the other six municipalities.

The official accounts only tell part of the story. The project has experienced difficulties, particularly in the production of the study. This took much longer to carry out than originally planned, and as a result there was discussion concerning the accuracy of some of the base figures and forecasts underpinning the strategic plan. The change to a dual responsibility spread over two ministries probably also contributed to lengthy consultation periods. However with the finalisation of the plan and the identification of actions, the project seems on course to continue its implementation phase with consolidated political and departmental support.

The different entry points of the partners allow the project to address a wide range of connections, opportunities and client bases. It is clear for instance that BEA has better links to high-level research centres and traditional business models, so targeting green enterprise through spin-offs, high-tech activities and small starters based on highly qualified actors (young graduates, technical specialists etc.) Groupe One in comparison fills in an essential gap in dealing primarily with grassroots initiatives, low-tech opportunities and start-ups by local and relatively untrained individuals – which is particularly relevant to the priority intervention zone. The leadership assumed by Brussels Environment, and in particular by its Department of Economy, Employment and Environment, provides an important bridge between the economic and environmental disciplines involved in this project.

This structure represents a unique experiment within the governance model of the Brussels Capital Region. It equally presents a real opportunity to achieve significant progress in integrating economic and environmental objectives within the perspective of sustainable growth.

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AEIDL has been contracted by the European Commission in 2012 in order to provide 50 examples of good practice in urban development supported by the European Regional Development Fund during the 2007-2013 programming period (contract reference 2011.CE.16.0.AT.035). The views expressed by AEIDL remain informal and should not under any circumstance be regarded as the official position of the European Commission.