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**COMMON DEVELOPMENT STRATEGY FOR
CREATIVE BUSINESS ON THE POLISH-
LITHUANIAN BORDER
SUMMARY**

Project no. LT-PL/081

"Business creativity and the possibility of sustainable development of Poland
and Lithuania border regions",
under Cross-border Co-operation Program Lithuania-Poland 2007-2013

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Table of contents:

No. and title of the chapter	Page
2 Analysis of creative business environment	
2.1 The concept and sectors of creative business and their mutual relations	3
2.2 The existing status and changes in the creative business sectors – problems of functioning and development	5
2.3 Role and place of creative business in the planning documents of European and national development programs for the area of Polish-Lithuanian border	7
2.4 SWOT Analysis of the creative business and the Polish-Lithuanian border	9
3 Priorities, objectives and tasks of the development of creative business	11
3.1 Vision and mission for creative business development in the area of the Polish - Lithuanian border	11
3.2 Development objectives	12
4 Plan of creative business development on the Polish-Lithuanian border	13
4.1 Plan of implementation of the creative business development strategy	13
4.2 Sources of the creative business financing	14
4.3 Off-budget support instruments of creative business	15
4.4 Promotion of creative business	15
4.5 Indicators of achievement of the objectives and strategy	16
5 Summing up	17

2.1. The concept and sectors of creative business and their mutual relations

"Creativity" is a creative attitude with which anyone can solve their problems. Creativity manifests itself in readiness to produce new ideas and invent original solutions.

Definition of Business Creativity was developed in the United Kingdom. It has identified 13 branches of creative business, which include the following:

- advertising, architecture and crafts,
- graphic design, furniture and clothing,
- theatre and film musical creativity,
- film production, video and photography,
- radio, television, internet and computer software,
- writing and publishing and spatial artistic creativity.

This scheme also applies to the creative business in Lithuania.

In the report commissioned by the Polish Ministry of Economy, ECORYS proposes a awarding creative businesses in accordance with the division into sections, classes and subclasses of the Polish Business Classification (PKD).

ECORYS's proposal narrows the understanding of creative business to the sphere of production and distribution of cultural goods, the spheres of activity characteristic of urban areas. The adopted nomenclature does not take into account (or to a small extent takes into account) such spheres of activity specific to rural areas as:

- folk art - lace, embroidery, painting Easter eggs, etc.,
- craft - blacksmithing, carpentry (ornamentation of traditional timber construction), tailoring, masonry, etc.,
- spatial work - the tourism guides, organization of field games and the like,
- folk rituals and tourist events - Harvest Festival , sleigh rides, etc.

Also, the presented by the DCMS and adopted by the Republic of Lithuania the structure of creative businesses, separating the 13 branches does not cover all spheres of activity. It seems necessary that the spheres of creative business should also include the promotion and advertising, event organizers and business agency in culture, tourism, sport and any unclassified initiative and activity, from the implementation of which the residents could benefit.

For the purposes of this study, on the basis of "Classification of occupations and specialties" the authors made a separate list of professions and specialties in the field of creative business, containing 410 items. The proposed list does not include the professions and specializations in the field of food processing and catering. Innovation in the food industry is limited by a number of provisions, mainly sanitary, hence the omission of food industry seems to be justified.

However, since the in the rural area described in the strategy this sphere of activity has a great tradition and a vital cultural and economic importance, promotion of the traditional culinary culture should also be of interest to policy makers, especially to representatives of local governments. And it is not the professions and specialties (cook) that should be subject of interest, but the culinary events (the Skilandis feast) and promoted local gastronomic specialties ('ant-hill', 'chinaki' etc.).

2.2. The existing status and changes in the creative business sectors – problems of functioning and development.

This strategy covers the Polish-Lithuanian border area and includes the Polish gminas: Krasnopol and Puńsk and Lithuanian: Kalvarija and Lithuanian regions: Alytus and Lazdijai. There exists a unique landscape which is an important tourist attraction of the region. The area has outstanding natural beauty, the beauty of the landscape and rich cultural resources, rich history and multicultural traditions.

- **Geo-natural and socio-economic conditions**

The area covered by the strategy, covering the surface of 3,459 km² there are 293 lakes, and the forests account for approximately 25.5% of the surface. The population of the area inhabits 11 cities and towns and over one thousand rural localities. As per 31 December 2009 there were 76,333 registered residents of this area. There is low population density - an average of 22.1 persons per 1 km².

The major part of the area covers rural lands where the labour market is limited mainly to inhabitants' own work, especially own farms. Most other work positions include those created by individuals who register their individual service businesses. One-man business represents 48.8% of all registered entities, and 65.4% of operating companies, and more than 80% constitutes institutions employing up to 9 persons staff.

In 2009 in the gminas covered by the strategy there were 5,719 people employed in government and non-agricultural sectors, representing 12.5% of the population in the age suitable for employment. Estimated employment in private farms is 25.4 thousand. people, representing 55.2% of people in working age. At the end of 2009, employment offices registered 7,826 unemployed persons, which accounted for 17% of the population in working age. Assuming a large number of professionally inactive persons, temporarily working abroad and hidden unemployment in agriculture, this number can be greatly increased, and assumed that quarter of the population in the area covered by the strategy does not have permanent employment.

- **Industries of creative business**

The described rural areas cultivate folk traditions, and preserve the tradition of the craft industry and folk art.

Joint Polish and Lithuanian history caused that for centuries we co-created our culture. Neighbourhood had positive effect on the exchange of experience by folk artists, as well as on the penetration of elements of culture, particularly culinary. Periods of co-creation were

separated by periods of highlighting their differences through the creation of their own, original and diverse culture. Both the Poles living in Lithuania and the Lithuanians living in Poland ensure that the still preserved habits and customs, beliefs, administration, legends, folklore and language elements and movable monuments (folk art, tools and housing equipment) and static (manor houses, palaces, churches, monasteries, houses, channels), as well as documents, records and names of places, were still exposed and cultivated.

On the area covered by the strategy there operate 137 artists, craftsmen and folk artists. The majority of artists is involved in woodcarving, blacksmithing, weaving and embroidering, and knitting.

The functioning cultural centres, acting as the main centres for numerous artistic groups play an important role. They actively collaborate with social activists grouped in associations, coordinate a large part of holiday events, organize exhibitions and competitions. Also groups not associated with centres of culture operate here.

The area described annually holds approximately 100 regular cultural events.

There are 879 monuments under state protection in the area covered by the strategy.

The area covered by the strategy is valuable in terms of nature and a popular tourist destination. The advantages of this land include beautiful post-lake district, landscape and interesting monuments of cultural heritage, that are potential tourism facilities both residential and active. The cultural values - material resources and cultural traditions - particularly associated with cooking and folk art are of significant importance to tourism of the area. Historical-cultural values decide on suitability of the place for cultural tourism.

2.3. Role and place of creative business in the planning documents of European and national development programs for the area of Polish-Lithuanian border

The European Union authorities - European Parliament, European Council and the Council of the European Union understand the need for development of creative and innovative capacities due to economic and social reasons, they repeatedly emphasized the need for development of the knowledge-based economy. Community Strategic Guidelines, 2007-2013 adopted as one of the priorities "*Improving knowledge and innovation for growth*", and the guideline "*Facilitating the innovation and promoting entrepreneurship*."

The authorities of the Republic of Lithuania express their approval for the European policy presented in the recommendations of the European Union bodies. In the country's development strategy documents, the development of creative industry sectors is emphasized under the following headings:

- a) a family environment conducive to the interest and promotion of creativity,
- b) public and informal education system that promotes creativity,
- c) creativity as a motivation factor of choice and competition in the professional activity,
- d) arts and culture as factors that promote creativity in all spheres of life,
- e) creative approach to living environment: the need for quality and ecology,
- f) creative look at family, community and stability, continuity and consistency.

In 2009, the concept of "creative business" has been included in the Strategy of the Republic of Lithuania regarding the use of EU structural funds in 2007-2013, and other economic development programs.

Polish Strategy Papers

- ❖ The strategic goal of the National Strategic Reference Framework for Poland is to create conditions for the growth of the conditions for knowledge-based economy and entrepreneurship, ensuring the increase in employment and increase in social, economic and spatial cohesion,
- ❖ National Development Strategy provides for counteracting the deepening disparities in development between different regions, so as to avoid the marginalization of the least developing regions. Strategic priorities of the National Development Strategy include: the increase in the competitiveness and innovativeness of the economy, increase in employment and raising its quality, rural and regional development, and increase in territorial cohesion.

❖ National Regional Development Strategy 2010-2020: Regions, Cities, Rural Areas, 2010, provides for the use of endogenous potential of sub-regional centers, rural areas and other functional areas of explicit spatial specialization.

Regional and local development strategies incorporated culture to measures promoting innovation and creativity in areas such as: cultural heritage, sustainable tourism development, socio-economic development assuming the creation of partnership between the entertainment sector, industry, research and other sectors and revitalization of the local economy by strengthening the cultural infrastructure and services.

Analysis of individual creative businesses showed their relationship with other industries, state institutions, educational institutions, etc., but the study shows the common, particularly visible for the industry, segmentation, lack of coordination, information and awareness of belonging to a creative business.

Strategic documents of local government units do not discuss the development of creative business as a whole. All documents, however, both at the regional and local levels, take issues supporting pro-innovation activities, development of small and medium enterprises, preserving the traditions and cultural heritage and promoting tourism, including cultural.

2.4. SWOT Analysis

Specification of main factors affecting the development of the described area.

Strengths

1. Availability of labour resources, especially in rural areas
2. Interesting natural-landscape and cultural resources
3. The rich historical and cultural heritage, high identification of area among the inhabitants of both countries, rich and cultivated tradition of folk culture
4. Openness, hospitality and cordiality of the inhabitants resulting from tradition, history and border location
5. Favourable conditions for the development of environment-friendly tourism and recreation, and development of organic farming

Weaknesses

1. Low population density and low qualifications of rural areas inhabitants
2. Low level of socio-economic development of the SRKP area
3. Underdevelopment of infrastructure surrounding the creative business
4. Insufficient socio-economic activity of the inhabitants of the area, lack of networking (in the industries and inter-industry) of creative businesses

Opportunities

1. The partnership cooperation of different environments for local development, the creation of networking in the creative business and inter-industry
2. The increased interest in the country and abroad in active forms of recreation and leisure where there are favourable conditions for which in the SRKP area, increased demand for healthy food, increased interest of tourists visiting the Region in creative business services
3. The availability of EU and national funds for development of tasks serving the development of the area and the positive experience in rural development related to the implementation of LEADER program in the European Union
4. The development of telecommunications including Internet connectivity
5. Border location

Threats

1. Reduced demand for local services
2. Eco-barriers of local development
3. Peripheral location
4. Reduction of quality of the creative business product in the conditions of low competition in rural areas
5. Stagnation in the development of the conditions and background facilities for creative business

- **Conclusions of SWOT Analysis**

Analysis of the main factors of the area covered by the strategy indicates the possibility of the development of creative business. The advantage of sites include outstanding natural and landscape values, rich cultural heritage as well as favourable conditions for relaxation and tourism. These values should be used in the development and promotion of the area covered by the strategy. It is also an ideal place to invest in the production of healthy and ecologically clean food.

The biggest problem is economic weakness and low investment potential of the area. These are typical effects of peripheral treatment of the region in the past in all spheres of life. Low population density of the area is a consequence of underinvestment in the agricultural area and is a barrier to development of certain sectors of creative business, reducing demand for specialist cultural services.

Opportunity to improve the situation in this regard involves financial support for activities at both national and local levels, funded from the European Social Fund and European Regional Development Fund under the Sectoral Operational Programs and National Development Plan.

The most serious threat to the development of the SRKP area is the lack of financial resources for the preparation and implementation of the investment, mainly in infrastructure and tourism. If there are no radical changes in this respect, the described area will remain a periphery, and the young people will seek their place in the centres of the country or abroad.

3. Priorities, objectives and tasks of the development of creative business

3.1. Vision and mission for creative business development in the area of the Polish - Lithuanian border

The vision of the area covered by this strategy has been formulated in the following way:

"The Polish-Lithuanian border area as the region of multifunctional development of rural and urban areas and a high standard of living of its inhabitants"

The vision of the creative business development in the area covered by the strategy will be as follows:

"Creative business on the Polish-Lithuanian border as an important factor in socio-economic development, determining the brand of the Region"

- The mission of the creative business development at the border has been formulated as follows:

"Intellectual and cultural potential of the border population is highly used to improve the quality and standard of living"

This strategy will activate public, economic and social sector entities for implementation of tasks involving the use of internal and external cultural and intellectual potential of the Region and its residents.

3.2. Development objectives.

- The priority of the strategy is the growing importance of creative business, as a forward-looking and innovative sphere, which could become an important and strategic element of economic and social development of the Region of Polish-Lithuanian border, the products and services of which will be competitive in the local and international market.
- General and specific objectives were formulated after consultation with representatives of local government and following an analysis of strengths, weaknesses, opportunities and threats to development of the area covered by the strategy.

General objective I. Maintenance and development of cultural resources	1. Protection of natural and cultural resources
	2. Revitalization of towns and historic buildings
	3. Preservation and restoration of traditional handicrafts and local art
	4. Creation of tourist-cultural brand of the Region
General objective II. Proper use of the intellectual potential	1. Improvement of education conditions, development of out-of school education
	2. Promotion of young talents in the culture and of talented animators of the social-economic life
	3. Increasing value of products and services of creative business
	4. Creation of the creative business cluster
General objective III. Improvement of life conditions of the population	1. Development of cultural, tourist, and transport infrastructure
	2. Restructuring and reorientation of business, diversification of employment and development of services
	3. Promotion of products and services of creative business and the cultural sphere

4. Plan of creative business development on the Polish-Lithuanian border

The assumptions of this strategy will be implemented by the institutions located in the communities of the Polish – Lithuanian border: Lazdijai, Kalvarija, Krasnopol, Alytus and Punksk. This will undoubtedly be local administrations, businesses and NGOs. Also, the share of private individuals - especially the developers and providers - in implementing the action is advisable, desirable, and in some cases necessary.

4.1. Plan of implementation of the creative business development strategy

As one of the basic tasks, this strategy provides creation of the cultural-tourism brand of the Region. Activities in this area will involve the implementation of investment projects in infrastructure and utilities. The second direction will be to use people's creativity and their potential to produce high quality products and services as market goods. Both courses of action should aim to improve the quality of life of the local community.

- **Tasks of the local governments**

Implementation of investment projects of this strategy will be undoubtedly done by local governments alone or in bilateral or multilateral cooperation with other entities. These tasks will involve the construction or repair, modernization and adaptation of public buildings, monuments and recreational facilities. It will be recommended to apply a priority treatment for the tasks combining care for historical functions with their use in cultural activities or by entities from other sectors of creative business.

Local governments will carry out investment projects related to environmental protection, education, transport, etc. Adapting of infrastructure components to the needs of creative business will sometimes require rebuilding awareness of decision makers. It is necessary to raise public awareness of the inhabitants that the establishment of creative business, culture, tourism is not just a hobby of the artists and para-tourism service providers, but it is primarily the economic sector, source of income for residents, a way of reducing the effects of unemployment and marginalization of peripheral areas.

- **Shared tasks**

In order to assist the development of companies and personalities in the creative business, enhancing their creative abilities and to raise the value of manufactured goods it is advisable to create an organizational structure, dealing with the essential and business support of interests of individuals and their representation, and dialogue with politicians, NGOs and business structures .

- **The tasks of businesses in the sector of creative business and creators of culture**

The main task of the culture and artists working in the creative business will be aimed at creating a Regional brand through high quality of products and services. An important task will also involve identification with the Region through the promotion of natural, scenic and historical and cultural values of the Region, and support by experience, advice and patronage of people starting out in the field of creative business.

Active attitude of recognized creators of culture in development of policies and inspiring the local authorities to undertake development activities will be of great importance for the development of this sector.

4.2. Sources of the creative business financing

The primary source of funding for creative business on the Polish-Lithuanian border will involve own funds of the creators and service providers.

Entities starting up their businesses require financial support in the form of grants and loans for start-up. Funds for such purposes are provided in national budgets as funds to support the development of small and medium-sized and micro enterprises.

Funds for start-up and the funds used in implementing the projects are and will be insufficient for most developers. The creators have to sell their works and services to the buyers: patrons or customers, who will be often, or mostly a tourist. Hence the need to maintain the brand of the hospitable tourist Region, promotion of the Region and the products of its creative business.

Not very rich border municipalities can financially support the creative businesses by activating tax initiatives, for example, tourist fees intended to support creative business or by allowing for free use of the resources of municipal infrastructure: premises, equipment and materials, as well as providing other assistance.

Public procurement can become a significant form of support for creative business.

A local government and private patronage can play an important role in promoting creative business. Creating fashion for local folk art, participation in promotional events, the transfer of some public tasks to non-governmental organizations or private hands will increase demand and strengthen self-esteem of the representatives of the sector.

4.3. Off-budget support instruments of creative business

Creative business in rural areas is mainly represented by natural persons conducting business activity - mainly these are the so called self-employed professionals.

Every day these professionals face the following problems:

- ❖ Lack of respect for the creative business industries and professions,
- ❖ Uncertainty in demand and income,
- ❖ Individual work and a lack of current contacts with other representatives of the profession,
- ❖ Lack of sale organization of the products of creative business, lack of opportunities to benefit from the work done and the difficulties in protecting intellectual property.

Essential for the industries of this sector will be the extra-budgetary support provided for the building of universal respect for the social sector, raising the level of formal and continuing education, and building and maintenance of the Region brand which is the brand mark of creative local production.

In the sphere of development planning it is necessary to treat the region as a specific junction site of the borders and nations, arts and culture, land with a rich historical past, as the area of great natural and scenic values, where the culture is dominated by rural issues mainly related to the profession of the farmer, as a public space where residents and visitors come in a variety of social interactions. This treatment should be translated into strategies, policies, plans and development activities, and spatial planning for the location of functions and methods of land use, and such formulation of development policy containing the objectives of the creative sector development to be accepted by all stakeholders: authorities, artists, representatives of other industries and residents. It is also desirable to enter the creative sector development issues in revitalization schemes of the cities and housing estates of the region.

4.4. Promotion of creative business

Promotion of the border Region should be addressed by an organization created to coordinate joint actions in the field of creative business. Local government authorities, state and local government institutions and NGOs from the region should engage actively in

supporting the promotional activities of the Region using in its own promotional materials the logo and promotional slogan of the Region.

Forms of promotion can be different: website, catalogues and videos, promotion through verbal reports, films and radio and television interviews, seminars, workshops and folklore events of a promotional nature.

4.5. Indicators of achievement of the objectives and strategy

Execution of scheduled tasks will aim to achieve the objectives of general and specific strategies, and the status of the objectives achievement will be measured by indicators.

Monitoring the implementation of the objectives of the strategy will take place on the basis of official statistics, own information of local governments, and the necessary creative business sector reporting.

Evaluation of the indicators that may be obtained through questionnaires will allow for an objective assessment of the degree of strategy implementation and the level of complacency of residents living in the promoted area.

5. Summing up

Promotion of innovation and creative businesses primarily creates conditions for their functioning. The inclusion of creative business in the economic systems, such as support for tourism, creates conditions for development in terms of revenue generation capacity and the partial independence from public funds, usually limited and irregularly supplying the creative business.

- Generating demand for the creative sector is carried out in various spheres of public life. Objectives and instruments used in the creative sector development can shape the directions of its development in accordance with the needs of the economy. At the same time, however, there should be freedom of action of companies retained, as functioning by merely responding to the demand could adversely affect the sector innovation.
- The cultural needs of the society should be developed from an early age, through education and training system, thus supporting the demand for creative products and services.
- Innovation is a costly task. Support in this respect must be awarded to the creative businesses, as operators in this sector have more difficulties in obtaining external financing than other sectors of the economy.
- An integrated approach to creative businesses is advised, as well as the treatment of these businesses as sectors of national economy, commencement of close liaison with the departments that deal with culture, education and the economy.
- Information available in official statistics, supplemented by own information of the local governments do not provide complete information on this sector. The formulated diagnosis for the sector is encumbered by a margin of assessment.
- An important element of support for the development of the creative environments is the regeneration of disused public buildings and their adaptation to the ethnic activity centres or incubators of creative business.
- A very important issue is to consider and take the initiative to form a cluster. By linking the activities in various fields the accumulation of activeness is possible and the creation of synergies, mutual inspiration, the diffusion of technology and knowledge transfer. The focus of activity on the given area makes it easy to promote and assists in achieving the intangible benefits