

## **A Study Tour of Barcelona and the Catalonia Region: Strategies for Metropolitan Economic Re-Invention**

With the United States and many of its metropolitan areas still reeling from the economic crisis, a subset of metros, such as Minneapolis/Saint Paul, are seizing this opportunity to re-invent their economies from the ground up. In partnership with the ESADE Business School and the City of Barcelona, the Metropolitan Policy Program planned and participated in three intensive days of learning in Barcelona in June 2011. The overarching purpose of the trip was to review and debate living examples of how this metro area and greater region are purposefully remaking their economies. The economic development of Barcelona and the Catalonia Region is a clear a story of re-invention. Similar to the United States, Barcelona is struggling to come back from this most recent economic crisis, although they are challenged with a crippling regional unemployment rate of 17 percent. Yet, Barcelona and the Catalonia Region has been a story of re-invention for decades after nearly 40 years of suppressed democratic liberties under the Franco dictatorship. From 1939 to 1975, the economic integration with other countries was also constrained, if not cut off entirely.

Joining the Metro Program on this trip were several leaders and policymakers from Minneapolis/Saint Paul and Chicago metropolitan areas: MarySue Barrett, President, Metropolitan Planning Council, Chicago; Mayor Chris Coleman, City of Saint Paul, Minnesota; Caren Dewar, President, Urban Land Institute, Minnesota; Council Member Elizabeth Glidden, City of Minneapolis; Robert Weissbourd, President, RW Ventures. Minneapolis/Saint Paul recently developed a metropolitan business plan, which includes an entrepreneur development strategy to build new firms and talent. Chicago, with a new mayor at the metro's core, is eager to explore new policies and strategies for advancing their economic future.

The purpose of the Barcelona trip was three-fold:

- 1) To learn how the City of Barcelona is building and growing its entrepreneurial base through an array of programs and policies. In 1986, the City incorporated entrepreneurship as an economic strategy giving them 25 years of experiences to reflect upon.

- 2) To tour, and discuss in length, two economic cluster initiatives that were developed with the intent to advance the economy of the metropolitan area and the broader Catalonia Region.
- 3) To co-host the *Global Metro Conference*—a conference offering insights on how metropolitan areas are intentionally remaking themselves to revitalize metropolitan and national economies. Featured speakers included: Javier Solana, ESADE; Dr. Joan Clos, Executive Director of the UN Habitat; Bruce Katz, Brookings, Metro Policy Program; and top metropolitan thinkers from Cape Town, Paris, Istanbul, Minneapolis/St. Paul, and Basil.

Described below are some key statistics of the Catalonia Region and the Barcelona Metropolitan Area. Note that the Catalonia Region covers roughly 12,400 square miles, about 6 percent of the total land area of Spain, and encompasses the Barcelona Metropolitan Area. The Region is governed by the Generalitat de Catalunya (the Government of Catalonia), which develops and funds economic, environmental and social policies for the Region.

#### Key Statistics:

#### Catalonia Region, the Barcelona Metropolitan Area, and the City of Barcelona

##### Population:

- **Population, Catalonia Region (2010):** 7.5 million inhabitants, 16% of Spain's population
- **Population, Barcelona Metro Area (2009):** 5.0 million inhabitants, 11% of Spain's population
- **Population, City of Barcelona: (2010):** 1.6 million inhabitants
- **Immigration Population, City of Barcelona (2000-2009):** 18.1% in 2009 compared to 1.9% in 2000. Largest number of foreigners are from Ecuador, Italy, and Bolivia.

##### Economy:

- **Annual GDP, Catalonia Region (2009):** 221.4 million, 18.6% of Spain's GDP
- **Annual GDP, Barcelona Metro Area (2009):** 137.5 million
- **Annual GDP, City of Barcelona (2010):** 57 million
- **Primary Sectors, Catalonia Region (2010):** Services (71.2%); Industry/Energy (18.5%); Construction (9.1%), and Agriculture (1.1%)

- **Exports, Catalonia Region:** 26% of Spanish exports
- **Exports, Barcelona Metro Area:** 20% of Spanish exports
- **Level of Unemployment, Catalonia Region:** 17%
- **Firm Size, City of Barcelona (2009):** 99.7% are Small and Medium Enterprises (SMEs)

*Sources: Eurostat, National Institute of Statistics; Statistic Institute of Catalonia, Department of Statistics, Barcelona City Council, Ministry of Industry, Tourism and Trade*

Below are brief synopses of the tours and meetings held with the City of Barcelona and the Catalonia Region on their economic development strategies. Sources of all content below come from speakers, Powerpoint presentations, and the accompanying brochures and plans.

#### **Barcelona Activa: Building a Strong and Growing Entrepreneurial Base:**

Barcelona Activa, a Local Development Agency wholly owned by the City of Barcelona, has spent over the last 20 years developing what appears to be the strongest entrepreneurial development program in Europe. Activa was developed during a period of high unemployment, when the Barcelona Mayor found the conversation more constructive to talk about entrepreneurship rather than unemployment. Greg Clark, Advisor to the OECD, who joined us on this trip, shared that in his review of over 500 business incubators, Barcelona Activa simply excelled in both in the sophistication of their programs and the range of services.

Through discussions and a tour, Barcelona Activa demonstrated both the depth and breadth of its entrepreneur-development services. The underlying policies to support Barcelona Activa's portfolio were equally compelling. A clear example is the logical and highly educational on-line support tool, which for our purposes, guided us through the process of developing a detailed business plan. Activa offers dozens of educational courses, which are subsequently tailored for each person to match their existing skills and assets. Some modules are designed for specific economic clusters—such as coaching services for the 'bio-entrepreneur', the creative media industry, and even artisans for their handmade products. Like many incubators, Activa offered temporary office spaces for a low monthly cost. While many incubators in the United States offer similar services, it was the level of sophistication in their programs and educational tools, and the logic in their execution, which made a long lasting impression on American participants.

*One American offered these reflections “Barcelona Activa is a one-stop shop that clearly links all of the pieces and creates an eco-system that supports entrepreneurship from start to business launch. We will definitely build on that model here.”*



Barcelona Activa’s 2010 statistics best illustrate their level of impact: 83 percent of all businesses formed survived after the fourth year; 70 percent of coached projects ultimately transformed into a company; and 1,700 companies and 3,200 jobs were created. Our excitement with Barcelona Activa’s facilities (three buildings) and programs was, however, offset by the cost to run them: \$46 million euros in 2010. The City has managed a financing scheme where they pay 40 percent of annual costs, demonstrating that a strong effort to build entrepreneurship requires both significant and consistent funding streams. Nevertheless, some of their work can, and already has been, replicated as Cape Town and Bogota used the consulting services of Barcelona Activa to jumpstart their own entrepreneurial programs. Several U.S. cities have visited Barcelona Activa to inform their own work.

*Another American offered that Barcelona Activa’s “careful efforts to develop entrepreneurs enhances their prospects for long-term success. As we develop the regional business plans for the Minneapolis-Saint Paul area, Barcelona provides a very strong example of the right way to build a solid effort.”*

Please click on these links to learn more about Barcelona Activa:

[Barcelona Activa: An Innovation Model for Entrepreneurship and Business Growth Support](#)

[Barcelona Activa website](#)

### **Advancing an Economy Through Metropolitan Economic Cluster Initiatives:**

#### ***Barcelona Economic Triangle:***

The Barcelona Economic Triangle was designed to stitch together three separate economic cluster initiatives (22@Barcelona, Parc de l'Alba, and Delta BCN) across the metropolitan area. Unhealthy levels of jurisdictional competition between these initiatives prompted the Catalonia Region to develop a number of instruments and incentives for fostering collaboration. Through the BET, the myriad of public and private actors jointly developed a common brand and strategy for attracting foreign investment. The BET did not advance into a governance mechanism for developing a metropolitan-wide cluster strategy, nor did it help sequence infrastructure and other large-scale projects to facilitate collective progress. The BET did, however, successfully reduce jurisdictional infighting and devise a global-oriented project for investment.

*One American observed that the Barcelona Triangle evokes the tri-state Chicago metropolitan area, absent the economic development gotcha game known as "I win, you lose." With the assistance of Brookings colleagues, I hope we can translate what we saw and learned about R+D, export promotion, regional institutions, and innovative finance to the near-term opportunities of our high-potential region."*

Please click on these links to learn more about the Barcelona Economic Triangle:

[Powerpoint Presentation on the Barcelona Economic Triangle](#)

#### ***22@Barcelona: One Node of the Barcelona Economic Triangle:***

To remake an outmoded industrial area in the heart of the city into a hot-bed of innovation-driven sectors, the City of Barcelona designed a purpose-driven urban renovation strategy. With 200 hectares (494 acres) of industrial land, their scheme was to cultivate the economic clusters of



media, ICT, medical technology, energy, and to integrate this abandoned swath of land back into the urban fabric through walkable, livable space.

A set of transformative moves early in the project set the right conditions for realizing a new economic district. Changing area zoning from industrial (22a) to services (22@) and increasing allowable density essentially rewired the area. The City then incorporated a value capture tool to extract even more benefits given the land's new potential value. Once parcels received additional density, the tool required 30 percent of the total land to be transferred to the City for uses such as affordable housing and open spaces. Property owners were also required to pay funds per square meter of land developed, which were used for infrastructure and build housing. While similar tools are used in the United States, it is used less frequently in Europe but this case demonstrates that similar successes can be achieved.



To incentivize cluster formation, nearly 180 million euros were invested in infrastructure (new energy networks, telecommunications, etc.). When asked whether advanced infrastructure was an effective incentive for cluster development, city leaders reflected that their success was due more to specific cluster strategies. Rather than high speed Internet, luring specific firms, universities and R&D centers was the real gravitational pull in stimulating cluster formation. Clusters are now linked to 10 universities, 12 R&D and technology centers, and specially designated spaces for SMEs. The media cluster, for example, has a spread of media-related companies, institutions, universities, incubators. 69 percent of the firms in the 22@ District are linked to one of the five clusters.

*One of our participants offered that “so much impressed me about 22@ including the targeted financing to attract knowledge-based industries like food bio that can thrive in a mixed use environment. In our region, we don’t often link land use incentives to sector-specific growth strategies. I was also impressed by their efforts to ‘bury cars’ to encourage more walkability.”*

In less than a decade, 69 percent of the area has been transformed and almost 1,500 firms established. A startling statistic is that nearly 45 percent of firms were recently created—often through the precise support of Barcelona Activa located nearby.

*Another American reflected that “the day we spent with the creative team running Barcelona Activa and 22@ blew us away. In the midst of wrenching economic restructuring, they have mapped a path for more entrepreneurs to succeed, for more sectors to flourish, and for more bureaucratic roadblocks to be removed.”*

*Another participant reflected that “our visit to Barcelona and immersion in learning about its city-wide focus on innovation, was invaluable to our efforts to support entrepreneurs in Minneapolis-St Paul.”*

While the planning and consequential outcomes of this intentional plan has indeed re-made this area’s economy, our assessment is that 22@Barcelona would now benefit from a fine-grained cluster evaluation process to assess how best to proceed in the next phase of work.

Please click on these links to learn more about 22@Barcelona:

[22@Barcelona presentation](#)

[Description of 22@Barcelona’s Value Capture Finance scheme, written by the Urban Land Institute](#)

***Parc de l’Alba: One Node of the Barcelona Economic Triangle:***

Similar to 22@Barcelona, Parc de l’Alba is a project of pure economic intentionality. Located seven miles north of Barcelona, 840 acres of predominantly public-owned land, the Parc de l’Alba was designed to address three perplexing challenges: sprawling land use, specialization (just one kind of economic activity), and social segregation. Through a detailed spatial plan and a web of economic, social, and environmental policies, Parc de l’Alba set out to resolve these challenges through “compactness, complexity (a mix of economic activities and uses) and cohesion.” Drawing on adjacent assets such as the UAB University (50,000

students) and its research park (4,000 scientists), their economic intention is to create an international scientific, technological and business hub.

*One American shared that she found “the framework of three challenges (sprawl; specialization; social segregation) and three answers (compactness; complexity; cohesion) useful. The new government and the shared governance model will be interesting to track over time.”*

Parc de l’Alba will include 3,500 new housing units, new infrastructure, and 140 hectares (350 acres) of parks and open space. A project largely conceptualized by Incasol (the Catalonia Region government), local government, and other stakeholders, their urban planning scheme kept more than half of the land public property to easily convert into uses prescribed in the plan. They were able to free up about 25 percent of private land and they acquired 15 percent of the land through compulsory purchases. Revenue was largely generated by land sales and licenses and taxes. A Parc de l’Alba public management body, established by Incasol and the City of Cerdanyola, is now coordinating the project and the many actors involved.

The Alba synchrotron—a particle accelerator used for cutting edge research costing 200 million euros—is the locus of the project. The intended spillover effects of the synchrotron are to be new research facilities, scientists and researchers, and the related industries needed to support them. One thousand researchers are currently working on Parc de l’Alba (the 2020 goal is 4,000). In part due to the proximity of Parc de l’Alba and other scientific networks, the neighboring UAB research park recounted that the formation of scientific spin-off companies have accelerated over the past 10 years with now 50 science and social science companies.





An interesting discovery was the transformative nature of their energy production facilities, which provide a high level (180 MVA power voltage), reliable source of power necessary for advanced scientific research. Project leaders reflected that this energy infrastructure was instrumental creating an incentive for new scientific activity.

*One American reflected that “Parc de l’Alba offers an ambitious model of creating a next economy community – expanding what we call “new urbanism” to attempt to combine the benefits of concentrating technology companies, a university, and knowledge residents in a complete community.”*

The challenges of this project are the extent to which this project will be realized in full form given the economic crisis likely to be with Spain for the long-term. Investing many millions of Euros in infrastructure and projects will not necessarily give the economic returns previously anticipated.

Please click on these links to learn more about Parc de l’Alba:

[Parc de l’Alba website](#)

[Presentation on Parc de l’Alba](#)