



SUSTAINABLE
LOCAL ECONOMIC
DEVELOPMENT

URBACT

iPlace Project

INTEGRATED ACTION PLAN

Pärnu

2020 - 2022



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PART 1 – PRESENTATION OF CONTEXT AND PROCESS

CITY CONTEXT AND DEFINITION OF THE INITIAL PROBLEM/ POLICY CHALLENGE

Pärnu is the fourth biggest city in Estonia. It is historically known as a tourist destination for over 180 years. Comparing with other Estonian cities, Pärnu is located between two Baltic capitals Tallinn and Riga. Both are around two-hour drive from Pärnu. This gives advantage as many people come to Pärnu even in “of season” period. Even though tourism is well established, other fields of businesses should also be developed. In the current Pärnu city development plan, one of the main priorities is to decrease the risk of seasoned entrepreneurship and support new investors who bring new jobs that would stay here longer than just the high season which is usually summer period.

The city is losing young people as indicated by the decrease in the population of the age cohort 16 to 25 years counted at 4822 in 2019 from 6257 in 2011, a decrease of -22.9%. The city’s population is also ‘aging’ as indicated by the increase in the population of the age cohort above 65 years at 20.6% in 2019 from 19.1% in 2011.

In addition to its well-established tourism sector, the city also has a history of manufacturing, specifically in wood processing and in textiles. Companies in these sectors continue to provide the base for significant employment.

The emerging ICT, tech and creative industries sectors in the city are being supported by incentives from the municipality which include grants, local start-up competitions (Entrepreneurial Pärnu citizen) and a co-working space called Forwardspace. The success of Forwardspace is also evident in the fact that most members (entrepreneurs) are not originally from the city and have chosen to relocate to Pärnu.



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In 2019 ForwardSpace and Pärnu County Youth Council carried out a poll among Pärnu high school students to see what they thought was missing in Pärnu. Most of the students wanted to have an innovative youth centre and in cooperation with Pärnu City Government HUUB was opened in 2020. Today it operates as a centre for active youth, a place to hold meetings, seminars and events, and a place to get the first support and guidance for students' great start-up business ideas.

When the ideas grow bigger but still need help, they have option to enter incubation programme in Pärnu County Business Incubator (Inku). Inku gives personal assistance to develop business plans, provides expert advice and mentoring, assists in finding funding and technological support, creating contacts in new markets and networking. Inku is partner to the biggest business/tech incubator in the Baltics – Tehnopol.

Latest development in Pärnu entrepreneurial environment is the emergence of multiple cultural groupings that see and want to promote Pärnu as attractive multidisciplinary cultural city for both culture related business residents but also for its citizens and visitors. In doing so, the cooperation and city support principals are being discussed and developed. There is potential for artists and creative professionals to bring new interesting entrepreneurial buzz to the city.

The city is also developing a new industrial zone aiming to attract new and expanding businesses in smart manufacturing, specifically in textiles, robotics and electronics. City offers investors favourable conditions to grow including the logistics of the Port of Pärnu, high levels of connectivity (broadband and mobile networks) as well as a good local vocational and higher educational system that includes the University of Tartu, Pärnu College.

Representatives of the business community agree with city officials that Pärnu offers a great quality of life as a seaside location with favourable conditions for talented workers to relocate and settle in the city and environs.



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In interviews with local entrepreneurs the main issue that stood out was the difficulties with attracting and hiring skilled workers. It appears that the targeted group of young skilled local talent prefer to leave the city for bigger cities and international experience. It was also stated that many in this target group may also believe that their chances for further personal development (i.e. educational and experiential) are limited in Pärnu.

The Deputy Mayor of Pärnu, Rainer Aavik, commented that the city is not 'looking' for more jobs, but is rather focused on promoting improvements leading to the value added in city-based companies that will result in higher wages. The measure is thus better jobs, not more jobs.

The municipality produced in 2019 its long-term 2035 Development Plan with five goals that capture the vision for the city namely:

- Valuing the natural environment
- Developing living environment & urban space
- A city that supports business development
- Valuing lifelong learning
- Developing services for residents of the city.

These goals are underpinned with 44 actions/projects, many that will address some of the issues related to future local economic development.

FOCUS

The Pärnu Urbact Local Group, a changing group of key organisations involved in the iPlace project, will focus in the project on the development of the city's ecosystem for business start-ups, cultural entrepreneurship and to stimulate innovation.

Our ULG members contained basically more than 40 people. They were workers from City management and other focus groups.



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Here is a list of people who were involved regularly

Rainer Aavik – Deputy major

Anneli Lepp – Head of development department

Ly Lumiste – Project manager

Aare Raev – Forwardspace MTÜ

Sten Õitspuu – Founder of creative quarters

Marten Palu – Founder of Gamecan OÜ

Silver Smeljanski – Deputy major

Focus on city's ecosystem will be part of a strategy to make the city and environs attractive for young people and families with young children and reverse the population trends. Pärnu City has a good development plan, and this IAP will be integrated with city's own plan.

The following objectives will define success:

- Building cooperation between key stakeholders that will enhance civic leadership.
- Nurturing weak and strong ties between young start-ups and the city's established companies.
- Addressing social issues such as openness to ethnic diversity, sexual orientation and gender equality.
- Creating a buzz for entrepreneurship.
- Creating new alternative studying opportunities in IT sector.

In addition to city's development plan the goals in Pärnu Culture and Sports strategy emphasize the local initiatives and inclusiveness:

- Pärnu values its creative people and local initiatives
- Pärnu versatile and high-level cultural life speaks with locals and visitors
- In Pärnu, culture and creativeness have important role in city planning and development



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Another big subject in Pärnu is education and higher education. There is a lack of interesting and forward-looking subjects. Thankfully local initiatives arise, and city government is happy about them.

In general, there is a big shortage of qualified IT workers all around the world. According to the employment agency, the shortage of IT workers in Estonia is around 9 to 10 thousand workers. As the IT sector is getting more and more specific the pressure on educational institutions for creating new study programs is getting bigger and bigger. Some private IT companies take the lead and create their own study programs in collaboration with other companies or institutions to decrease the gap of people needed in IT sector.

Such initiative is also being prepared in Pärnu. The focus sector would be gaming industry. Company called Gamecan, which is founded in Pärnu and is a game developing company is preparing a collaboration study program together with globally known and awarded company called *Unreal Engine*. Gamecan has their own rooms, where they can host such program and they are willing to do that.

Unreal Engine has their own certified study program, and it is being licensed usually in big countries like USA, UK, India or Germany. In total they have 20 study centers in the world. But in Northern Europe, where the shortage of an Unreal Engine game developers is huge, they currently don't have a study center. Gamecan representatives have made an agreement with Unreal Engine that they are going to open the first Northern European study center in Pärnu. This collaboration brings big attention to Pärnu and to gaming industry in general, because in northern European countries this industry is booming, and qualified education is very welcome.

City of Pärnu also decided to support financially this initiative for the first study year that is starting in 2022 autumn. If it is successful, city will make a long term agreement with Gamecan to run this program in Pärnu.



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DESCRIPTION OF THE PROCESS

Pärnu IAP process within URBACT iPlace has not been an easy one. While the core focus has always been finding the niche and creating buzz, the people around it have changed and moved on and passed the project from one to another several times. That has impacted both the time frame and the input ability. At the beginning the ULG was more traditional industry centered, trying to solve the qualified work force problem and capitalize on customization of its products (Trimtex sports clothing). When Covid imposed halt in project physical meetings and stretched the duration of the project, initial ULG member enterprises focused more on their own processes.

SMALL SCALE ACTION (SSA)

In summer of 2021 Pärnu expanded the ULG by aspiring new collective of artists and art professionals under the name of Cultural Quarters. The grouping of artists and entrepreneurs wanted to test the idea of opening an old beer factory quarter for art residents and public and held a series of exhibitions, concerts and events. We included this idea in the project as Pärnu's Small Scale Action. It resulted in 7 art residents moving into Pärnu and over 10 000 visitors in the events. Additionally, 3 new businesses were founded and grant from Pärnu Participatory Budget received. For the beginning of 2022 the Creative Quarters has moved into different temporary location and although the concept was to create a community that could operate cultural enterprises while not being tied to a any specific location, they are still in need and search of a new base. In cooperation with Pärnu City.



PROBLEM

Current identity of the city is blocking its further development

The identity of "Summer capital" makes Pärnu relevant only during 3 months of the year. This blocks the growth in talent density, as there is a general perception, that there is nothing going on during the other 9 months of the year.



CREATIVE QUARTERS

Facts & Numbers

- 6 months old
- 30 events
- 10 000+ visitors
- about 30 community members strong
- 9 tenants
- 7 new people moved and registered to Pärnu this summer
- 3 new companies of which 2 are at least 50 000+ in revenue a year
- 25 000 EUR participatory budget 2. place of 18 initiatives
- Privately owned
- Rented by a privately owned ltd and an NGO owned by creative community

RESOURCING SSA

Opening an old beer factory quarter for art	SOURCE OF FUNDING 1 Urbact	SOURCE OF FUNDING 2 Municipality	SOURCE OF FUNDING 3	TOTAL OF FUNDS THAT ARE NEEDED FOR EACH TYPE OF COST

residents and public				
Technical equipment rent	Urbact SSA costs 85% 3894,97EUR	Municipality SSA costs 15% 687,35		4582,32EUR
Technical equipment rent	Urbact SSA costs 85% 1770,28EUR	Municipality cost 15% 312,40EUR		2082,68EUR
Technical solutions	Urbact SSA costs 85% 1122,00EUR	Municipality cost 15% 198,00EUR		1320,00EUR
Commissions and fees for artists and performers	Urbact SSA costs 85% 1712,75EUR	Municipality cost 15% 302,25EUR		2015,00EUR
PROPOSAL BUDGET	8500,00EUR	1500,00EUR		10 000

Links to events:

<https://youtu.be/ul0V0OmExnw>

<https://youtu.be/Q9JHUvjPV>

<https://fb.watch/auQ8TV6gLF/>

https://m.facebook.com/loovlinnak/events/?ref=page_internal&mt_nav=0


Media:

<https://parnu.postimees.ee/7290034/parnu-loovlinnak-avas-varava>

<https://parnu.postimees.ee/7294563/salaparane-tanavataidur-maalis-loovlinnaku-seinale-surmatantsu>

<https://parnu.postimees.ee/7336365/9-11-ja-koroonaviirus-andsid-touke-ueele-pungifestivalile>

<https://kultuur.err.ee/1608208078/parnu-noored-teevad-kunagisest-ollevabrikust-loovlinnaku>



SOLUTION

Creativity nurtured in every field of life - The Creative Capital of Estonia

- Co-operation with the university college
- Creating physical space for new symbiosis
- Facilitating co-operation between different disciplines.

PART 2 – ACTION PLAN

ACTION PLAN IDEA 1 INTEGRATING AND INCLUDING CREATIVE PROFESSIONALS IN THE NETWORK OF START-UP AND OTHER BUSINESS SUPPORT SYSTEMS AND NETWORK IN PÄRNU

In these tables we describe the actions of how our IAP will come to life:

IDEA 1: Integrating and Including creative professionals in the network of start-up and other business support systems and network in Pärnu					
Action	Intended result	Resources/assets	Lead agency	Key partners	Timescale
Create “location free” creative quarter and residency of artists in Pärnu	Residency of at least 30 artists in Pärnu and different events throughout years	Private sector, public sector, Pärnu city government	Pärnu Loovlinnak (Pärnu Cultural Quarters)	Pärnu city, Cultural ministry of Estonia, private investors	Summer 2023
Create a special program for creative businesses in Pärnu business	Increase the number and boost creative businesses in Pärnu	Pärnu Business incubator, Pärnu county development centre	Pärnu Business incubator	Pärnu county development centre, Technopol business incubator,	End of summer 2022

incubator in cooperation with Technopol Business Incubator and Tallinn Creative Business Incubator	business incubator			Tallinn creative incubator	
Create regular young Pärnu entrepreneurs' roundtable (meetings every quarter)	Regular meetups of young startup and creative entrepreneurs to give input and advice to city governme for designing future politics and development of Pärnu	Pärnu city government,	Pärnu City government	Pärnu City Government, Forwardspace, Pärnu Loovlinnak	Starting autumn 2022

These tables go into depth with indicators:

Specific objective	Result Indicator			Output indicators
Create "location free" creative quarter and residency of artists in Pärnu	Different locations	1	3	<ul style="list-style-type: none"> • Number of art residents • Number of different locations of creative quarters where events take place • Number of events created • Number of visitors • Change of social life in Pärnu

<p>Create a special program for creative businesses in Pärnu business incubator in cooperation with Technopol Bi and Tallinn Creative Bi</p>	<p>Number of creative businesses who finished incubation programme</p>	2	15	<ul style="list-style-type: none"> • Number of new creative businesses founded in Pärnu • Number of increasing percentages of creative businesses who compete to get into incubation program
<p>Create regular young Pärnu entrepreneurs roundtable (meetings every quarter)</p>	<p>Regular meetups of young Pärnu entrepreneurships</p>	0	12	<ul style="list-style-type: none"> • Number events organized • Number of participants • Number of proposals made to city government and Pärnu city development plans

<p>Create “location free” creative quarter and residency of artists in Pärnu</p>		<p>Action owner: Pärnu Loovlinnak</p>		
<p>Find different potential locations for the quarter residency</p>	<p>Stakeholders: Pärnu Loovlinnak, Pärnu city government</p>	<p>Link to Strategy: Pärnu City development plan Pärnu City cultural development plan Finances and resources: Private sector Public sector (Pärnu city gov) Action readiness High – both parties try to find best solutions.</p>	<p>Risks: Not finding the right locations Risk of renting/acquiring real estate One partner loses interest in the project Financial risks of not finding the right funds</p>	
	<p>Dates</p>	<p>Outputs</p>	<p>Related activities</p>	<p>Blockers</p>

Finding and listing potential locations	01.02.2022-31.04.2022	List of all the locations		Lack of information online and finding the owners information for suitable locations
Contacting owners	01.05.2022-10.05.2022	List of top 5 locations		Owners of the real estates might not be interested
Choosing one location for 2022-2023 period	11.05.2022-20.05.2022	One chosen location for 2022 to 2023 period		Owner of the one location might not be interested Neighbors of the locations
Preparing the place	20.05.2022 – 01.07.2022	Place with all the equipment needed to run location free creative quarter.		Neighbors of the locations
Making new plans for next year	End of 2022	All the info and plans are ready to move into next location in 2023		

Create a special program for creative businesses in Pärnu business incubator in cooperation with Technopol Business Incubator and Tallinn Creative Busieiness incubator	Action owner: Pärnu Business incubator
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Creative business incubator program in Pärnu	Stakeholders: Pärnu Business incubator Pärnu County Development centre Pärnu Loovlinnak Forwardspace	Link to Strategy: Pärnu city development plan Pärnu County development strategy Finances and resources: Pärnu County Development center Action readiness Yes, incubator is ready to start developing new program for creative businesses.		Risks: One of the partners loses interest in project Financial risk of not finding the funds for the program at the moment
	Dates	Outputs	Related activities	Blockers
Meeting with Pärnu and Tallinn incubators	May 2022	Meeting with the first draft how to open creative business incubation program in Pärnu	Research for fundings (EU projects, local budgets, private partners)	Incubators from Tallinn
Putting the ideas into action plan	June 2022	Action plan how to open creative business incubation program in 2022 autumn	Marketing campaign and application round	
Confirm budget and funds for the project	June-July 2022	Discussions with local government and a list of EU grants available to apply.		
Signing contracts between Pärnu and Tallinn incubators for cooperation	July 2022	Contracts between Pärnu Business incubator and Tallinn Creative incubator for cooperation of running incubation program together	Launch of Marketing and application round	

Opening the program in autumn 2022	September 2022	First patch of ideas go through evaluation to be signed into program		
Making plans for next year	December 2022	Action plan and dates ready for next year patch of businesses		

Create regular young Pärnu entrepreneur's roundtable (meetings every quarter)		Action owner Forwardspace		
Young entrepreneurs' regular meetups	Stakeholders: Forwardspace Pärnu Loovlinnak Pärnu Business incubator Pärnu City	Link to Strategy: Pärnu city development plan Pärnu County development strategy Finances and resources: Pärnu City budget Action readiness Yes, Forwardspace is ready, because at one-point similar idea was convened.	Risks: Forwardspace loses interest of running the meetings Lack of people who would be interested participating No concrete end results	
	Dates	Outputs	Related activities	Blockers
Planning of the first meeting	April 2022	Action plan of how to conduct the meeting	Creating Facebook event	
First meetup	May 2022	First physical meetup and action plan for next meetings		
Send out next dates and plans for next meeting	May 2022 to December 2022	Regular meetup plan for year 2022		

ACTION PLAN IDEA 2 OPENING NEW IT SECTOR STUDY PROGRAM IN PÄRNU

These tables describe our second idea that is being created:

IDEA 2: Opening new IT sector study program in Pärnu					
Action	Intended result	Resources/assets	Lead agency	Key partners	Timescale
Local company initiates a study program for game developers	Open a study program in autumn 2022 for Unreal Engine studies	Private sector, Pärnu city gov	Gamecan OÜ	Gamecan OÜ Unreal Engine Pärnu City Government	Spring 2022

Specific objective	Result Indicator			Output indicators
New IT study program in Pärnu	Study program for students who like to learn how to work in Unreal Engine	0 students	20 students	Number of students who finish programme Number of people who get hired after the program

New IT study program in Pärnu		Action owner: Gamecan OÜ			
Putting together Unreal Engine study programme for Pärnu	Stakeholders: Gamecan OÜ, Unreal Engine, Pärnu city government	Link to Strategy: Pärnu City development plan Finances and resources: Private sector Public sector (Pärnu city gov) Action readiness	Risks: Unreal Engine doesn't agree in partnership with Gamecan OÜ Can't find teachers Can't find enough students to participate		

		High – program will start in Sept 2022		
	Dates	Outputs	Related activities	Blockers
Putting the program together	01.06.2022-30.06.2022	Program is finalized		
Finding teachers	10.06.2022-31.07.2022	Contracts with teachers		Nobody is interested becoming a teacher in the program
Preparing rooms	01.07.2022-01.09.2022	Chosen rooms are ready for classes		Logistics problems for some equipment or materials
Marketing the program and finding students	01.07.2022 – 30.08.2022	List of 20 students in the program		Can't find enough students to participate in the program

Conclusion

Pärnu city gained a lot of insight from Urbact network and this project helped to put some ideas in front of other ideas and they were put into practice earlier. The project helped to connect different departments and organizations in many levels and some new ideas were born. Future cooperation with other partner cities are already in planning and future visits are being booked with different perspectives and interests.

Pärnu City thanks all partners and project participants!