



Interreg Europe ABCitiEs project

# ACTION PLAN

# City of Vilnius

2020, Vilnius

## Partners of action plan





## **Project:**

Area Based Collaborative Entrepreneurship in Cities  
(ABCitiEs)



## **Partner organisation:**

Mykolas Romeris University  
Sunrise Valley Science and Technology Park  
Vilnius City Municipality



## **Country:**

Lithuania



## **NUTS2 region:**

Lithuania



## **Contact persons:**

**Dr. Žilvinas Židonis (MRU)**

[mzzidonis@mruni.eu](mailto:mzzidonis@mruni.eu)

Mob. no. +370 612 94499

**Mr. Laurynas Braškus (SV STP)**

[laurynas.braskus@ssmtp.lt](mailto:laurynas.braskus@ssmtp.lt)

Mob. no. +370 698 10072





## Details of the actions envisaged

**Aim** is to introduce new collective business support development program of Business Neighbourhood in Vilnius City Municipality.

**Interregional character.** Business Neighbourhood development program was inspired by lessons learned from Amsterdam and Manchester partners experiences dealing with Business Investment Zones and Business Investment Districts.

**The policy instrument addressed.** Vilnius City Municipality Strategic Action Plan for 2020 – 2022.

**Focus on supporting SME competitiveness.** First, by joining marketing efforts business enterprises will be able to attract more foreign customers. Second, better business environment and infrastructure will encourage local consumption. Focus on local market gets crucial importance in face of COVID-19 events.

### NEED ADDRESSED

On the national level, the majority of strategic documents (Lithuania's Progress Strategy Lithuania 2030<sup>1</sup>, National Progress Program for 2014-2020<sup>2</sup>, Entrepreneurship Action Plan for 2014-2020<sup>3</sup>, and Operational Programme for the European Union Funds' Investments in 2014-2020 (OP)<sup>4</sup>) articulate the need

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<sup>1</sup> The Resolution of the Parliament of the Republic of Lithuania No. XI-2015 on the Endorsement of the National Progress Strategy Lithuania 2030 15-05-2012, State News, 30-05-2012, No. 61-3050. <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.425517>

<sup>2</sup> The Resolution of the Government of the Republic of Lithuania No. 1482 on Endorsement of the National Progress Programme for 2014–2020, 28-11-2012, State News, 11-12-2012, No. 144-7430. <https://www.e-tar.lt/portal/lt/legalAct/TAR.31A566B1512D/OKkwPNbfzS>

<sup>3</sup> The Resolution of the Minister of the Economy of the Republic of Lithuania No. 4-850 on the Endorsement of Lithuanian Entrepreneurial Actions Plan for 2014–2020, 26-11-2014, TAR, 26-11-2014, No. 17989. <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/311ec59075b811e4b615a833d6e7da3d>

<sup>4</sup> European Commission (2014). European Union Investment Funds Action Programme for 2014–2020. [https://www.esinvesticijos.lt/media/force\\_download?url=/uploads/main/documents/docs/108118\\_99b3cb4332f0104911882023401ae741.pdf](https://www.esinvesticijos.lt/media/force_download?url=/uploads/main/documents/docs/108118_99b3cb4332f0104911882023401ae741.pdf)



to develop more cooperative, more active Lithuanian society, the need to foster entrepreneurship, and to promote creative businesses.

In particular, the Lithuanian OP 2014-2020 Investment priority no 3.1. was designed to support entrepreneurial activities, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.

However, local entrepreneurs, especially from low- and mid-tech sectors and self-employed, often feel frustrated with government policies, and business support models, which are not designed to facilitate their activities. In many cases, the existing entrepreneurship support policy measures are developed on too general level, out of the context and in disregard of current economic and social needs of local communities.

This is because there is a gap between national entrepreneurial support policies and municipal urban development policies. On the national level, there is a clear vision that small and medium-sized enterprises is the core of Lithuanian economy; their ability to engage in structural economic changes will have a direct effect on economic growth and employment as well as on social cohesion. On the other hand, local municipal authorities are striving for rehabilitation of abandoned and former industrial urban areas.

During the stakeholders' meetings it was stressed that the gap between national SME's support program and urban development program produces permanent problem in Vilnius Municipality, because patched and fragmented new business establishments are not motivated to address local community's needs. This corresponds to the problem ABCitiEs project aims to solve. First, the project aims to foster urban regeneration through collaborative entrepreneurship because local business actors are strongly connected to their neighbourhoods and committed to community goals. Second, project aims to



mitigate the negative effects of economic decline, income inequality, and the decline of urban areas.

Therefore, within project next two years (2020 – 2022) we want to introduce Business Neighbourhood (Business Neighbourhood development program) to support business collectives in Vilnius. The policy instrument we intend to make an impact on is Vilnius City Municipality Strategic Action Plan for 2020 – 2022.

In particular, by introducing Business Neighbourhood development program, ABCitiEs Vilnius team proposes an amendment to the current draft of the Vilnius Strategic Action Plan for 2020 – 2022 to address business collaborative activity explicitly in urban development.

## **CURRENT SITUATION**

### **INTEGRATED TERRITORIAL INVESTMENT (ITI) APPROACH**

This part discusses the policy context within which actions are proposed to implement. Therefore, our Action Plan rests on two planning documents, Vilnius City Strategic Action Plan 2020-20225 and Vilnius City Integrated Territory Development Programme (Vilnius ITDP)<sup>6</sup>

National OP support for territorial (urban) specific actions is implemented by applying ITI-based (Integrated Territorial Investments) model: setting target territories, and adopting and implementing integrated development programmes. Integrated territorial development programmes are drafted by municipalities in cooperation and by consultation with central and local government authorities (including ministries, universities, territorial labour exchange offices and other public bodies), social and economic partners and local community. These programmes set development goals and objectives,

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<sup>5</sup> Vilnius City Municipality Strategic Action Plan 2020-2022. <https://vilnius.lt/lt/savivaldybe/nuostatai/planavimo-dokumentai/savivaldybes-strateginiai-veiklos-planai-ir-ju-vykdyimo-ataskaitos/>

<sup>6</sup> Vilnius City Integrated Integrated Territory Development Programme [https://vilnius.lt/lt/finances\\_and\\_properties\\_category/2014-2020-m-vilniaus-miesto-integruotos-teritorijos-vystymo-programa/](https://vilnius.lt/lt/finances_and_properties_category/2014-2020-m-vilniaus-miesto-integruotos-teritorijos-vystymo-programa/)



target result and output indicators (with regard to investment priority 7.1 and other priority axes of the Operational Programme, allocations of which will be used) and a list of operations or group of operations, the implementation of which will help achieve these indicators.

Vilnius ITDP approach to regeneration over recent period has very much been focussed on physical infrastructure, with the municipality working in partnership with private investors to transform the city. However, “The combination of physical investments in infrastructure from ERDF with the investments in human capital from ESF is particularly relevant in the case of sustainable urban development” (EC bulletin, 2014). Therefore, our Action Plan aims to propose actions oriented to harmonise physical and human capital investments in the framework of ABCitiEs.

## **VILNIUS CITY MUNICIPALITY STRATEGIC ACTION PLAN FOR 2020 – 2022**

Strategic Action Plan for 2020-2022 was approved by Vilnius City Council at the beginning of 2020. The plan includes a long-term Vilnius vision called "Smooth Vilnius - Strategic Orientation of Vilnius City 2030". The plan highlights that increasing population, foreign direct investment (FDI) projects, enhanced competitiveness, high concentration and diversity of service companies are crucial to the city development. The implementation of the Vilnius City Strategic Action Plan 2020-2022 and the strategic direction of Vilnius 2IN (Intelligent and Integrated) are intended to ensure efficient city management, to achieve managerial maturity and to facilitate the use of knowledge.

Subsequently, to achieve plan goals ten priority areas are identified - education, social security, health and wellness, culture, mobility, economic development, environment and urban development, administration, security and protection, planning.



In order to introduce area based collective action approach, we focus on the Priority No 7 Economic Development. Economic Development Priority has two aims: a) to increase the international competitiveness and awareness of Vilnius; and b) to promote local tourism.

From this perspective, we see an opportunity to potential synergy between public and private joint efforts to make Vilnius city more attractive to local and foreign tourists. Local and foreign tourism increases demand for services and goods provided/produced by local SMEs, and subsequently it leads to better competitive position of SMEs. On the other hand, joint collective business initiatives contribute to Vilnius strategic goals and these efforts should be supported by municipality measures.

We have organized meetings with Vilnius municipality representatives to discuss how to better contribute to achieve goals highlighted in Strategic Action plan and we presented the concept of Business Neighbourhood development. Based on our project research and based on learning from our partners good practices, ABCitiEs project team presented arguments why Vilnius City Municipality should implement Business Neighbourhood development program. Vilnius municipality representatives suggested that potential areas to implement pilot projects could be at Amatų square and Naugarduko street, and St. Stephen square. Both of them belong to ITDP Southern territory investment zones (see section below).



**Picture 1. Amatų skveras (Crafts Square)**



**Picture 2. Šv. Stepono skveras (St. Stephen Square)**





## **LESSONS LEARNED FROM PROJECT PARTNERS**

ABCitiEs project team and project stakeholders had an opportunity to visit good practice sites in Varaždin-Čakovec (Croatia) and Athens (Greece). Unfortunately, due to COVID-19 pandemic Amsterdam interregional learning event was cancelled and we had no opportunity to see Business Investments Zones “live”. However, we had an excellent opportunity to learn about Dutch policy of Business Investment Zones (hereafter - BIZ) during a visit in Croatia. The idea of BIZ is a zoning tax levied at the request of entrepreneurs in order to realize collaborative activities in the public space. The levy of the BIZ contribution is limited to a certain area in the municipality – BIZ. Therefore, a BIZ is thus a geographically demarcated area, such as a shopping street or a business park in which entrepreneurs and/or property owners jointly invest in the quality of their business environment. All business/owners in the BIZ contribute to this. In order to create a BIZ, the entrepreneurs and/or owners draw up a plan together (BIZ-plan). Although, the BIZ finance model cannot be used to maintain the municipality's basic service level. Also, we discussed Amsterdam Entrepreneurial Program to strengthen the cooperation of entrepreneurs in and with the neighbourhood. According to this program, the municipality offers entrepreneurs in shopping areas and business parks the tools to invest together in the quality, safety and identity of their neighbourhood. From discussions with Manchester team we learned that place management partnerships are a recognised structure to deliver valuable place-based outcomes, but it lacks guidance on how to support effective area-based collaborations. Therefore, good practices from Amsterdam and Manchester inspired an idea to introduce the BIZ concept in Lithuania.

However, further discussions, study visits in Varaždin-Čakovec, and subsequent learning event in Athens showed that BIZ concept based on mandatory levy requirement is not feasible in post-soviet societies and/or less developed economies. The main obstacle is lack of vertical and horizontal trust: entrepreneurs do not trust each other and all together they do not trust



government authorities. During Athens interregional meeting we also learned that simple strategy to place together entrepreneurs hoping that collectives might pop out from this coexistence does not work, and there is a need for extra motivation provided by municipal authorities.

Finally, we drop out an idea of extra levy system and instead this we proposed municipality support for business collective actions. As it was stated in Athens meeting that in Central and Southern Europe small firm owners are unwilling to sign contracts and undertake certain legal and financial obligations even if they are very light. These and other lessons learned during meetings and discussions helped to refine and adapt Business Investments Zones (BIZ) idea to Lithuanian social, political and economic contexts. This is how we came up with the idea of Business Neighbourhood. Summing up, from Amsterdam and Manchester partners we “borrowed” such elements of BIZ concept as: a) it is spatially defined area; b) the entrepreneurs and/or owners together draw up a plan; c) the plan has to be focused on business environment improvement.

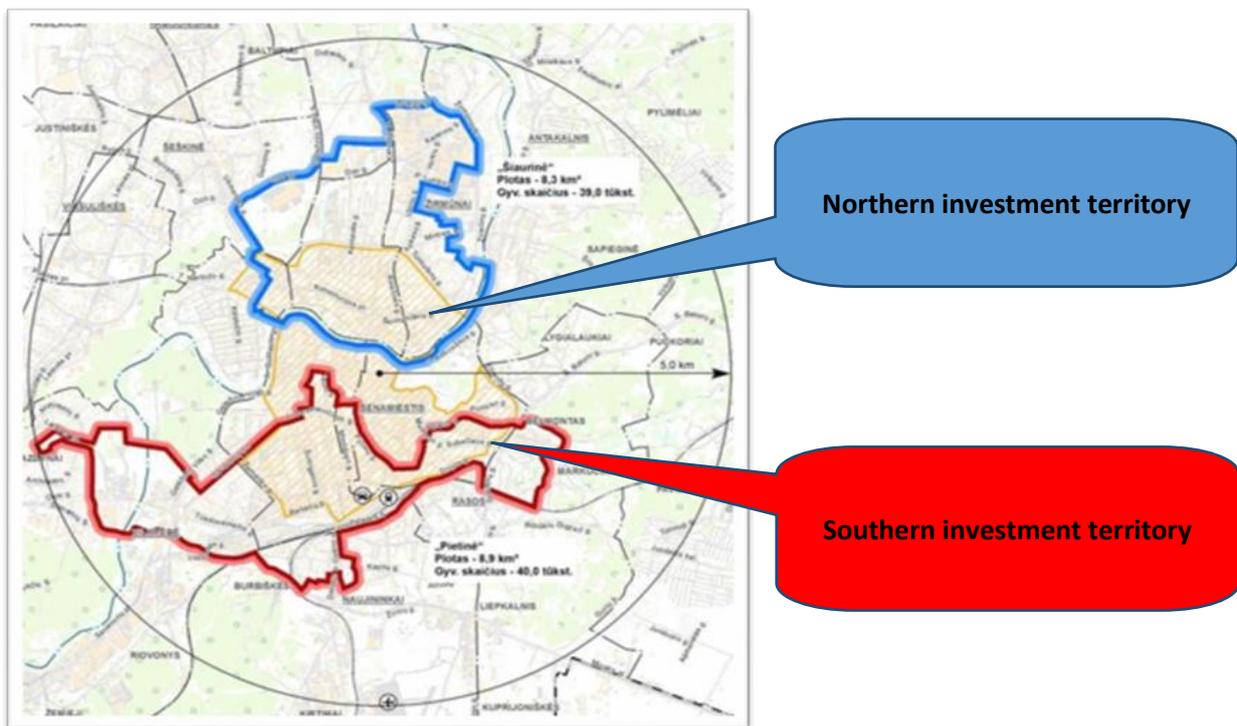


## ACTION DESIGN

First of all, we had defined spatial dimensions of proposed action. For this purpose we use Vilnius City Integrated Territory Development Programme. ITDP approves Northern and Southern city investment territories of Vilnius for policy intervention activities (Figure 1). The rationale for choosing investment territories is based on two groups of criteria:

- The territory faces social, ecological and other problems;
- The territory has good economic and urban development perspectives.

**Figure 1. Northern and Southern city investment territories**



Northern territory encompasses very different urban developments, such as district of Soviet multi-apartment blocks Žirmūnai, former 19th-century wooden house suburb of Vilnius Šnipiškės, along with new Vilnius business centre close to it. The area of territory is 8.3 square km, and it has about 39.0 thousand inhabitants. Southern territory is also very diverse. The western part of territory is industrial zone but also it partly includes city centre, railway



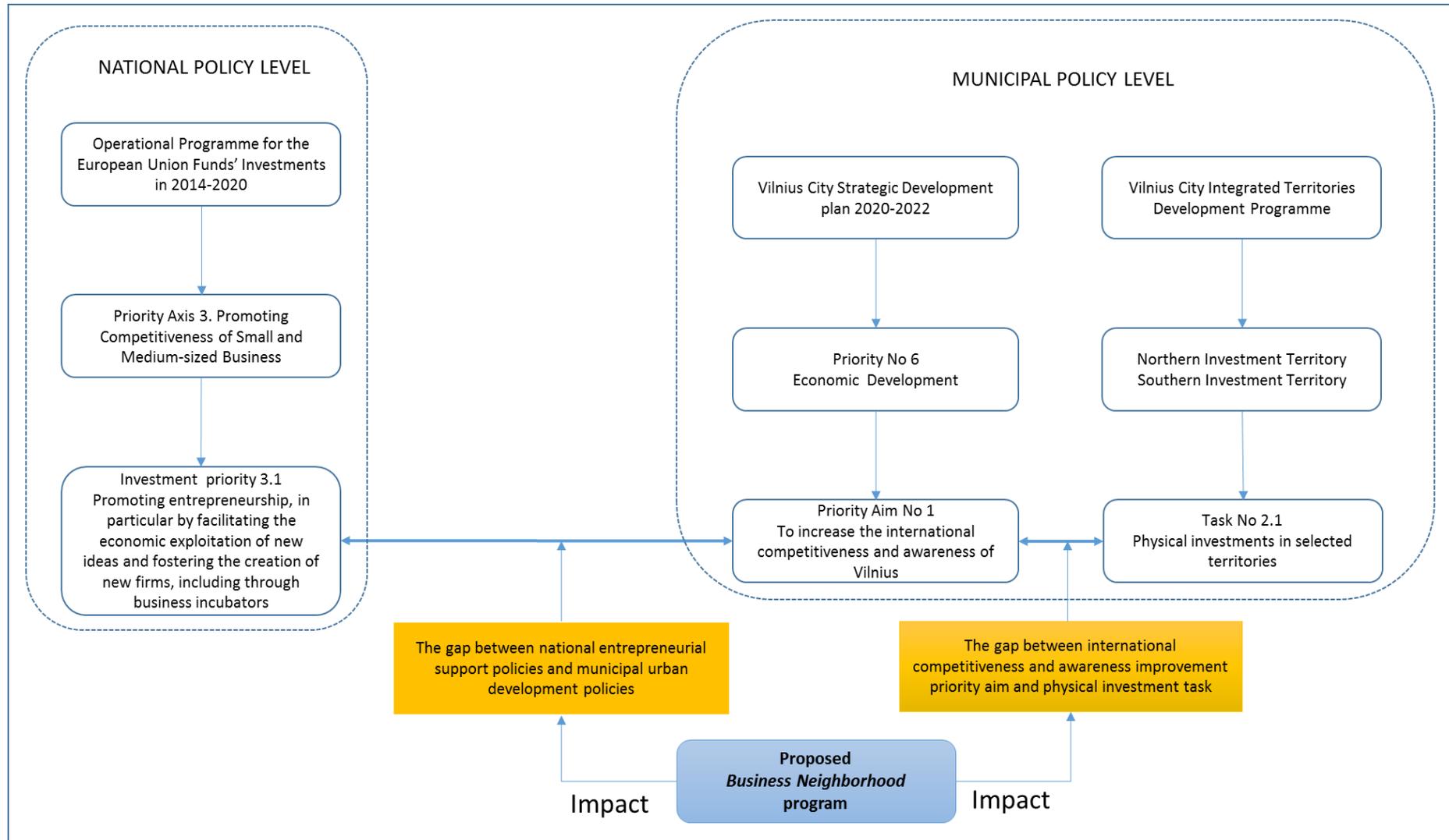
station district and a part of old city. The area is 8.9 square km, and it has about 40.0 thousand inhabitants.

Therefore, Vilnius City Integrated Territory Development Programme contributes spatial and urban dimension to Area Based Collective Entrepreneurship. In other words, the Programme defines which city parts according to Vilnius Municipality strategy need to be improved. As it was stated above, this dimension is well presented in strategic policy documents. However, the presence and impact of second dimension, i.e. Collective Entrepreneurship, needs to be highlighted in Vilnius City Strategic Action Plan 2020-2022. Up to the date, Vilnius Municipality has no mechanism to promote area-based collaboration involving local enterprises to improve the business environment and to meet local community needs. This particular mechanism will be Business Neighbourhood development program introduced as a strategic goal in Vilnius City Strategic 2020-2022.

**In Figure 2**, below we present the proposed logic of policy intervention.



**Figure 2. Policy intervention logic**





Business Neighbourhood development program will give priority to two types of collective actions:

- a) to improve city infrastructure in particular local area;
- b) to increase marketing efforts to promote particular area (street, neighbourhood) of Vilnius city.

By encouraging and supporting collective business actions Vilnius Municipality will contribute to supporting the competitiveness of SME's in two ways. First, by raising publicity and awareness business enterprises will be able to attract more foreign customers. Second, better environment and infrastructure will encourage local consumption. The issue of local market gets crucial importance in face of COVID-19 events.



**Action plan.** Setting-up Business Neighbourhood development programme as part of Vilnius City Strategic Action Plan 2020-2022.

Program	Key Actors	Partners / Players involved	Outputs	Resources	Time-scale	Funding
<p><b>Business Neighbourhood development programme</b></p>	<p>Vilnius City Municipality</p>	<p>Sunrise valley Science &amp; Technology Park, Mykolas Romeris University, SMEs, Local communities</p>	<ul style="list-style-type: none"> <li>• Developed Business Neighbourhood development concept for new areas of collectives.</li> <li>• Amendments of Vilnius Strategic Development Plan 2020-2022.</li> <li>• Monitoring of Business Neighbourhood development program implementation.</li> </ul>	<p>Estimated cost: 50.000 – 75.000 Eur.</p>	<p>2 years</p>	<ul style="list-style-type: none"> <li>• Vilnius City Municipality funds (“Neighbourhood Program”)</li> <li>• New OP for 2021-2027.</li> </ul>
<p><b>Policy instrument / document</b></p>		<p>Vilnius City Strategic Action Plan 2020-2022 and the strategic direction of Vilnius 2IN (Intelligent and Integrated).</p>				



## 1. Action details

1.1. The purpose of this action is to introduce the collective place management for urban territories in Vilnius by setting up new Business Neighbourhood development programme as part of Vilnius City Strategic Action Plan 2020-2022.

1.2. Setting up 2 action areas for pilot: a) Amaty Square, b) St. Stephens Square in Vilnius city downtown.

1.3. The 2 pilots in selected areas will provide more clarity at an early stage so that collectives can make a social inclusion and business planning in the long run:

- integrated local stakeholders and business attraction,
- increasing opportunities for SMEs,
- district development in the action areas,
- shared rights and responsibilities with municipality (stakeholders and partners).

## Goals and tasks for Business Neighbourhood development programme for targeted territories

### 1.3.1. Integrated local stakeholders and business attraction.

In the context of Business Neighbourhood development program the new economic development tools and measures that address direct SME weaknesses and market gaps will be proposed. The aim is to attract and to encourage community-focused and coordinated stakeholders to support tool/program design and implementation. Building cases for a small business staying or coming to the business neighbourhoods, and prepare to market it aggressively amongst all territorial development areas.

### 1.3.2. Increasing opportunities for SMEs.

Collectively developed better business environment and improved public infrastructure will enhance the strength and competitiveness of local SMEs. Subsequently, it is expected that competitive and market exposed SMEs will contribute to new jobs creation in urban areas selected according Vilnius City Integrated Territory Development Programme (Vilnius ITDP).

### 1.3.3. District Development.

The proposed action areas like **Amaty Square (Naugarduko str.) Business Neighbourhood** and **St Stephen Square Business Neighbourhood**, and other emerging business neighbourhood areas should always be a welcoming and profitable place for small businesses to be able to thrive. Work should continue to revitalize the downtown district and encourage a mix of commercial uses,



including housing, hospitality, recreational and office, in accordance with the downtown and recreation plans.

#### **1.3.4. Shared rights and responsibilities with municipality (shareholders and partners)**

To deliver our vision for integrated SMEs and communities based on shared rights, responsibilities and opportunities, we will propose measures for business neighbourhood areas to engage the new innovative organisational and funding structures (business districts) within and between the City government and its related collectives, along with players involved to drive immediate change and achieve quick wins driven by Business Neighbourhood development program. Coordinated actions and improved regulatory procedures will open new opportunities for small business and will support local entrepreneurship.

## **2. Timeframe**

- Selection of cases/areas (June 2020 – August 2020) (already achieved),
- Set up a project team and a steering committee with representatives from the various departments of the municipality (September 2020 – October, 2020),
- Meetings with the leading team and stakeholders to develop, to reflect and to adapt the action (November 2020 – December 2020),
- Facilitation of the action (September 2021 – March 2022),
- Action implementation in pilot areas (January 2021 – March 2022),
- Monitor the development of business neighbourhoods areas in Vilnius city (January 2021 – May 2022).

**Step 1.** Design and adapt **Business Neighbourhood concept** for pilot areas, communicate to local communities, local SMEs, municipality officials and ABCitiEs project team.

**Step 2.** Introduce Business Neighbourhood concept to the Ministry of Economy and Vilnius city municipality in the form of workshop. These authorities are both responsible for new EU funding period 2021-2027 in the area of SMEs and entrepreneurial activities support.

**Step 3.** Propose the amendments of **Vilnius Strategic Development Plan 2020-2022**. Discuss lessons learned from the workshop, meetings with local communities, SMEs, municipality officials and ABCitiEs project team. Translate



findings in refined and improved the Business Neighbourhood development program.

**Step 4.** Test new program in the targeted areas: **Amatų Square (Naugarduko str.)** and **St Stephen Square**. Involve local business communities to further elaborate and improve Business Neighbourhood development program.

**Step 5.** Monitor the **Business Neighbourhood development program** implementation. Present results to Vilnius City municipality and other stakeholders (real estate developers, SMEs, residential communities).



### Area No. 1

Collective	Key Actors	Partners / Players involved	Outputs	Resources	Time-scale	Funding
<b>Amatų Square (Naugarduko str.) Business Neighbourhood</b>	Vilnius City Municipality	Uptown Park Business Centre Do Architects	New services introduced: <ul style="list-style-type: none"> <li>• flea market</li> <li>• garage sale</li> <li>• open kitchen</li> <li>• farmers market</li> </ul>	Estimated cost: 2.5 - 3.0 mln. EUR.	2 years	<ul style="list-style-type: none"> <li>• Vilnius City Municipality</li> <li>• New OP for 2021-2027</li> </ul>
<b>Context / Policy document</b>		Ongoing construction of Amatų Square and Naugarduko street regeneration by Vilnius City Integrated Territory Development Programme (Vilnius ITDP).				

### Area No. 2

Collective	Key Actors	Partners / Players involved	Outputs	Resources	Time-scale	Funding
<b>St Stephen Square Business Neighbourhood</b>	Vilnius City Municipality	Lithuania Railways LG Vilniaus Planas	New services introduced: <ul style="list-style-type: none"> <li>• co-working space</li> <li>• center for creative industries</li> <li>• café shop</li> <li>• community centre</li> <li>• amphitheatre</li> </ul>	Estimated cost: 3.5 - 4.0 mln. EUR.	2 years	<ul style="list-style-type: none"> <li>• Vilnius City Municipality</li> <li>• Lithuanian Railways</li> <li>• New OP for 2021-2027</li> </ul>
<b>Context / Policy document</b>		Ongoing St Stephen Square construction, Vilnius railway station reconstruction (Vilnius Connect) by Vilnius City Integrated Territory Development Programme (Vilnius ITDP).				



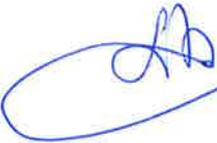
### 3. Costs and funding sources

The action for **Business Neighbourhood development programme** focuses on the policy instrument funding. The policy instrument will be a part of Vilnius City Strategic Action Plan 2020-2022. The Staff costs for the implementation of the action are covered from the budget of the Vilnius city municipality. It is estimated that the Vilnius city municipality members will spend approximately 4 to 6 hours per week on the action. The project team consists of 4 people and meets once every six weeks. Staff costs for the monitoring and evaluation are calculated within ABCitiEs in semester 6, 7 and 8 (conducted by Mykolas Romeris University and Sunrise Valley Science & Technology Park).

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Date: 1<sup>st</sup> September, 2020.

Laurynas Braskus, Innovation consultant





## **ENDORSEMENT OF THE ACTION PLAN**

Vilnius City Municipality and Sunrise Valley Science and Technology Park hereby agree to support and promote the implementation of the actions detailed for the “Area Based Collaborative Entrepreneurship in Cities” (ABCities) project.

The undersigned confirm that they have the required authority of their organizations to do so and that the required authorization process in each organization has been duly carried out.

**Name and Job Title:**

Mindaugas Pakalnis  
The Chief Architect of Vilnius City

**Signature:**

**Date:** 04-09-2020

*Stamp of the organization*