

Territorial attractiveness concept applied to investment promotion

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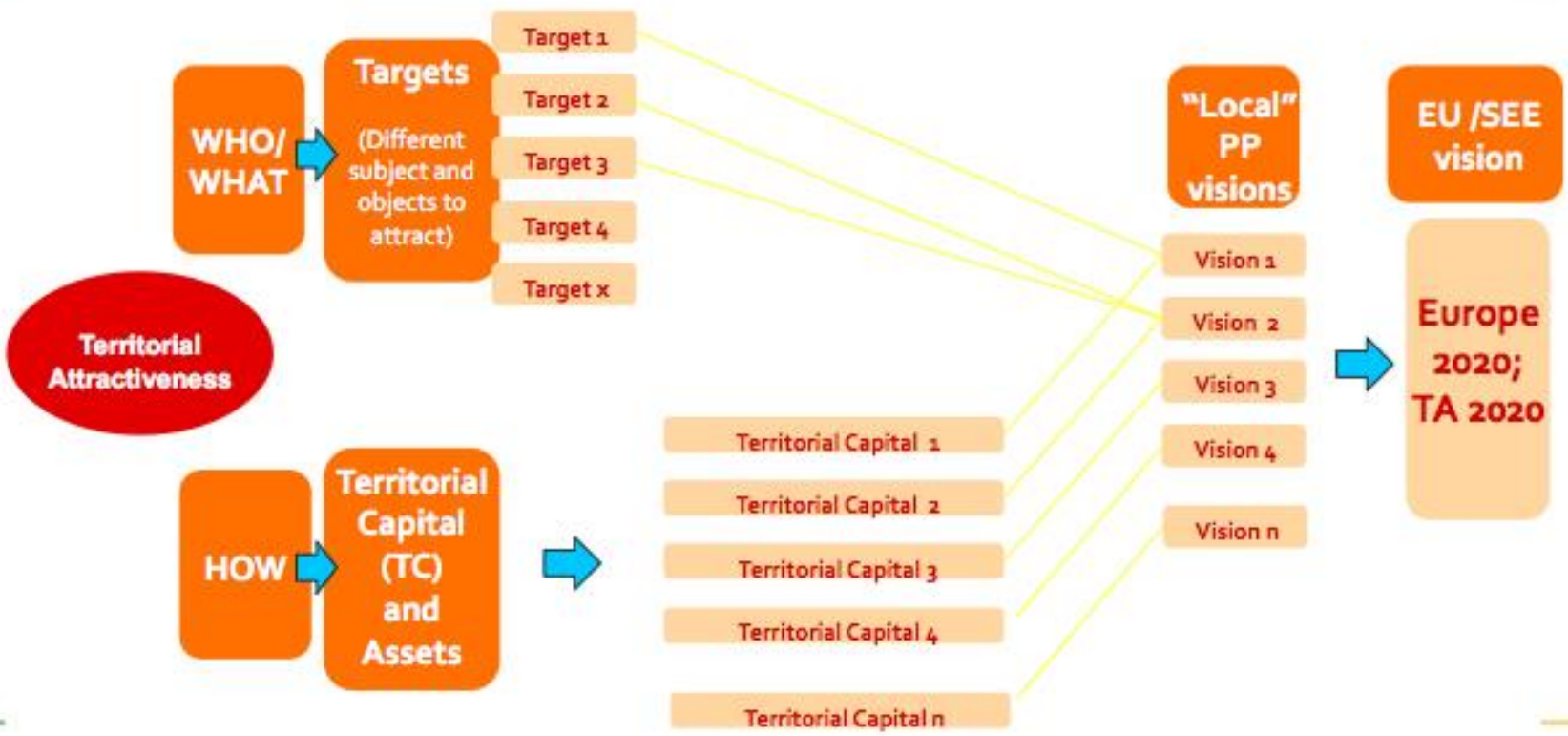
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- Territorial attractiveness concept in Attract See
- Two different perspectives: government and companies
- Case study: Emilia-Romagna Region - Regional law for the promotion of the investment - Call for Agreements for the settlement and development of enterprises

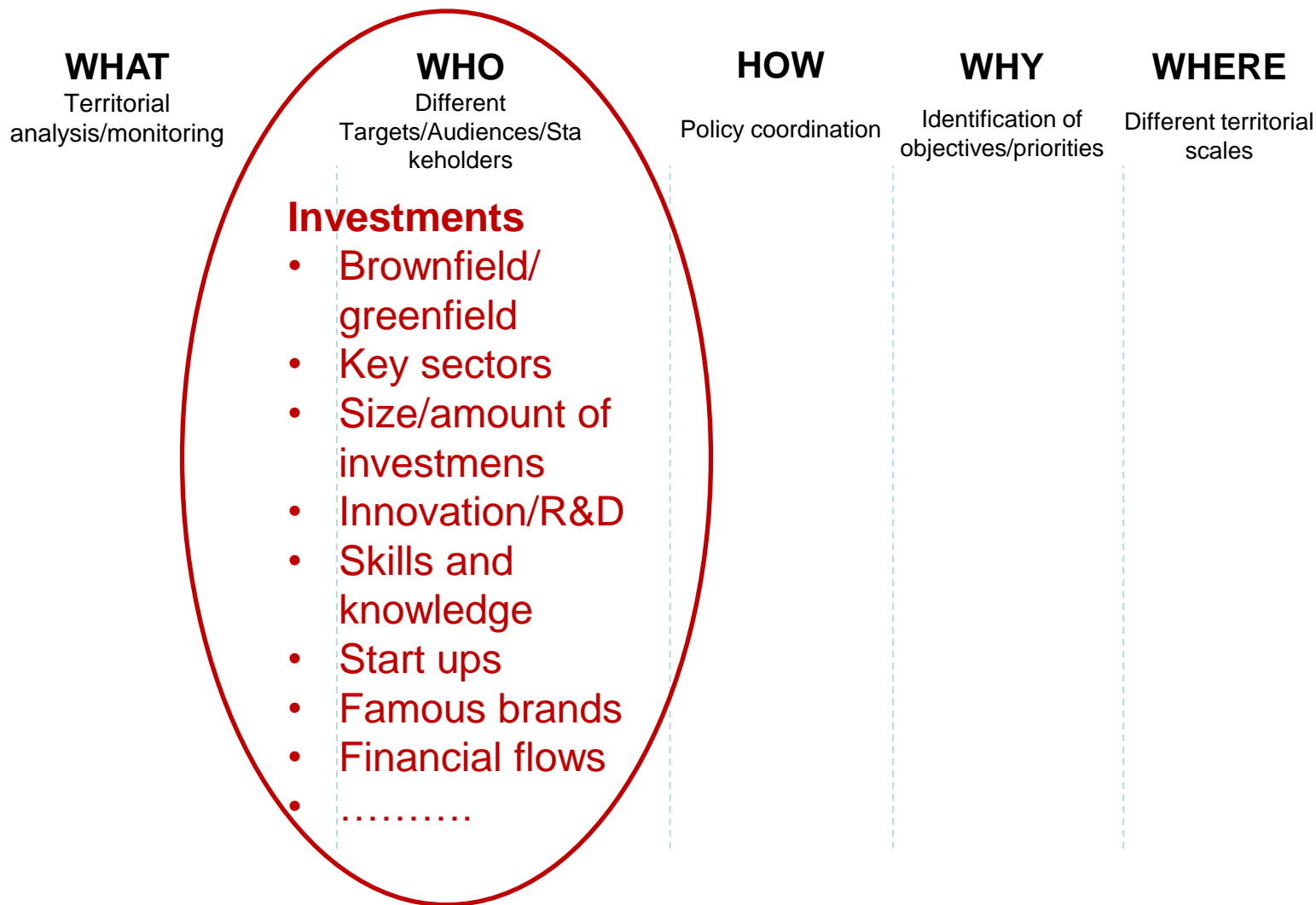
TERRITORIAL ATTRACTIVENESS THE 'ATTRACT SEE' PROJECT DEFINITION



A concept for monitoring Territorial Attractiveness at SEE scale



Complexity of 'attractiveness' concept – TO ATTRACT:



Features for a definition of «attractiveness»:

- Quality of places
- Territorial scales and diversity of places
- Different drivers for «attractiveness»
- Plurality of needs and expectations
- (Un)stability of factors of attractiveness

Common framework of territorial capitals and assets

preliminary to the definition of a system of indicators

Environmental capital

Environmental quality	Environmental quality (air, water, waste, greenhouse gases, etc.)
Territorial/ecosystem integrity	Territorial/ecosystem fragmentation
	Biodiversity
Natural resources and energy	Risk management
	Natural resources management (renewable/non renewable)
	Energy management (fossil fuels / renewable resources)

Anthropic capital

Urban quality	Access to public services
	Towns/settlements revitalisation/networking
	Urban health/liveability /environmental services
Landscape quality	Visual attractiveness
	Landscape diversity
	Balanced urban-rural relations
Infrastructures	Local/global accessibility
	Basic infrastructures for daily life (to be detailed)

Socio-cultural capital

Culture	Cultural heritage
	Multiple cultural services
Quality of life	Welfare/Cost of living
	Social equity/poverty reduction
	Multicultural integration
	Sense of belonging/citizenship
	Gender mainstreaming

Economic/human capital

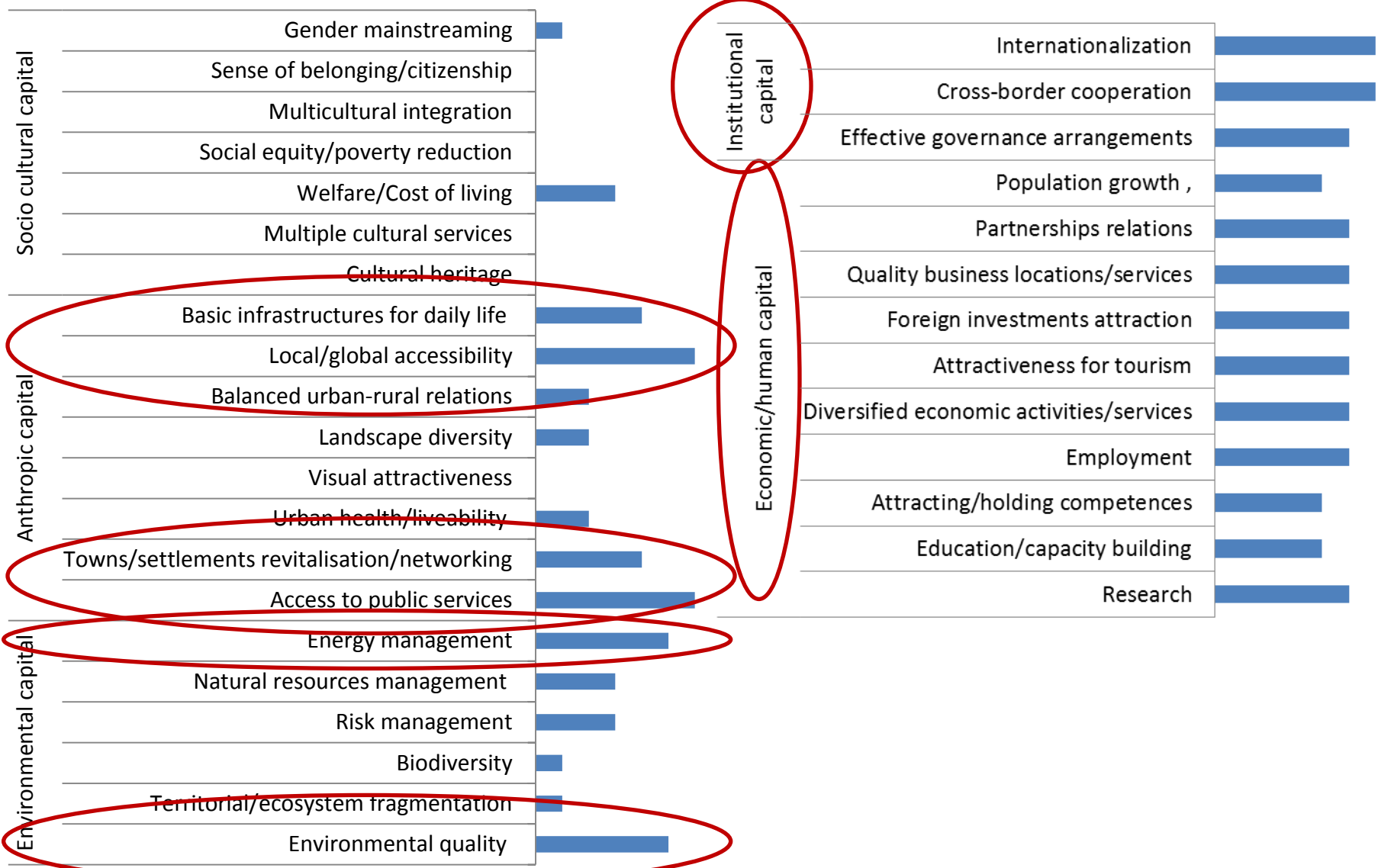
Knowledge & Innovation	Research
	Education/capacity building
	Attracting/holding competences
Employment	Employment
Specializations / Key sectors	Diversified economic activities/services
Tourism	Attractiveness for tourism
Investment Promotion	Foreign investments attraction
	Quality business locations/services
	Partnerships relations
Population	Population growth , % pop in age 15-64 years

Institutional capital

Governance	Effective governance arrangements
International relations	Cross-border cooperation
	Internationalization

Identified with bottom-up process by the Attract SEE partnerships

Investments: assets relevance



Potential synergies: some examples

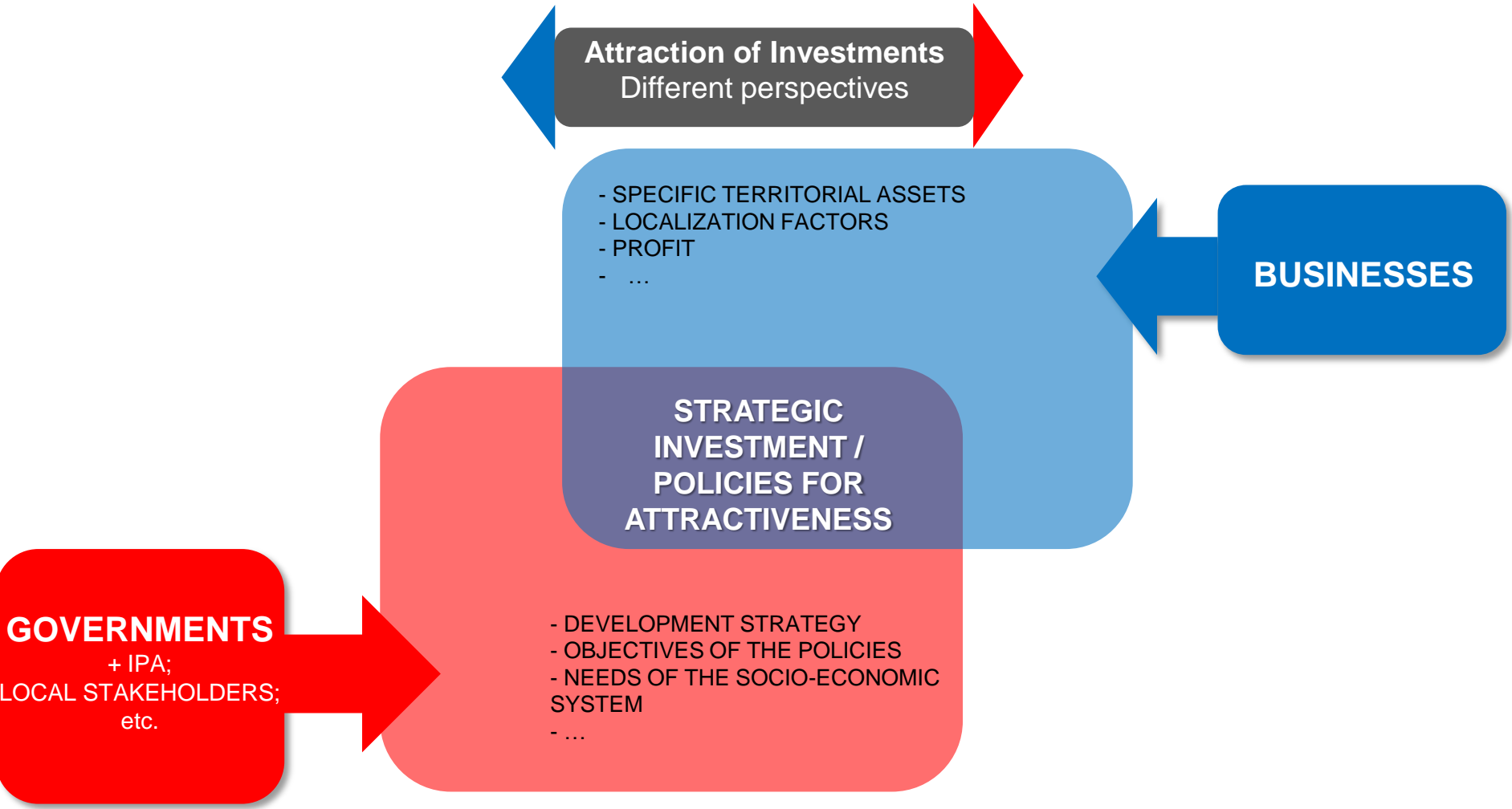
ASSETS HIGHLY RELEVANT FOR ALL TARGET AUDIENCES

- Local and global accessibility
- Environmental quality
- Governance

ASSETS HIGHLY RELEVANT FOR ALL TARGET AUDIENCES EXCEPT TOURISM

- Employment
- Welfare/cost of living
- Education
- Access to public services
- International relations

MATCHING TWO DIFFERENT PERSPECTIVES: GOVERNMENTS AND BUSINESSES (1)



Europe - Attractiveness survey 2016 – Example of final recommendations

Source: Ernst&Young 2016

<http://www.ey.com/gl/en/issues/business-environment/ey-2016-european-attractiveness-survey#002>

Matching of governments and businesses tasks on several topics

Increased focus on Innovation: Most of our respondents (35%) see digital industries as the preferred sector for Europe's growth in the coming years

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Policy makers need to provide a level playing field for all existing and new market entrants. The role of governments is essential in incubating innovation in the region. Governments need to invest in education and training and provide coordinated support for high-potential innovation.

How can we build an ecosystem that helps entrepreneurship and innovation? How can we lower the barriers to entry for entrepreneurs? How can we lighten the regulatory load? How can governments co-invest? How can we encourage public-private partnership?

Developing an innovative product or technology requires investment of time and money. Europe is home to some of the best-ranked universities in the world. How can businesses tap that intellectual talent?

Companies need to identify collaboration opportunities, financing options and any government schemes that can help them commercialize their offerings. How can companies revamp outmoded business models, reach out to new customers or increase efficiency? What are the entry and exit options? How can we access public and private funding? How can we ensure regulatory and tax compliance?

For governments

For businesses

International surveys and rankings on attractiveness of investment can show the main objectives of the companies



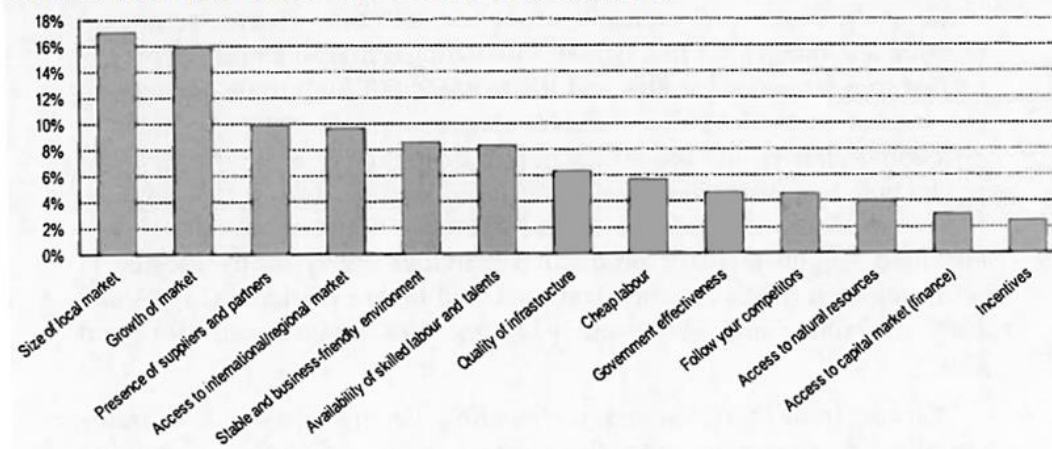
UNCTAD World Investment Prospects Survey (2009-2011)

Location factors by order of importance

- Size of local market
- Growth of market
- Presence of suppliers and partners
- Access to international/regional market
- Stable and business-friendly environment
- Availability of skilled labour and talents
- Quality of infrastructures
- Cheap labour
- Government effectiveness
- Follow your competitors
- Access to capital resources
- Access to capital markets (finance)
- Incentives

Location factors by order of importance, 2009-2011 - % of company responses

Source: World Investment Prospects Survey 2009-2011, UNCTAD (2009)



TERRITORIAL ATTRACTIVENESS

THE 'ATTRACT SEE' PROJECT DEFINITION



International surveys and rankings on attractiveness of investment can show the point of view of the companies

Financial Times – FDI Division

European Cities and Regions of the future 2016/17

Judging criteria (quantitative indicators)

- Economic potential
- Human capital and lifestyle
- Cost effectiveness
- Connectivity
- Business friendliness (including several international indexes (including «ease of doing business»))

+ FDI Strategy (qualitative analysis)

JUDGING CRITERIA

ECONOMIC POTENTIAL

- Population
- Population growth rate
- Unemployment rate (%)
- Inflation
- GDP (PPP Current Intl \$) (millions)
- GDP per capita (PPP current Intl \$)
- GDP forecast (average annual growth rate – %)
- GDP average annual growth rate (%)
- GDP per capita average annual growth rate (%)
- Outward FDI (Jan 2010-Dec 2014)
- Outward FDI per 100,000 (Jan 2010-Dec 2014)
- Inward FDI (Jan 2010-Dec 2014)
- Inward FDI per 100,000 (Jan 2010-Dec 2014)
- Nominal growth in inward FDI projects per 100,000 (2005-09) vs (2010-14)
- Inward FDI in R&D and DDT per 100,000 (Jan 2010-Dec 2014)
- Inward FDI in advanced manufacturing per 100,000 (Jan 2010-Dec 2014)
- Number of mega projects by capex (over \$100m) (Jan 2010-Dec 2014)
- Number of mega projects by capex (over \$100m) (Jan 2010-Dec 2014) per 100,000 people
- Number of mega projects by jobs (over 1000 jobs) (Jan 2010-Dec 2014) per 100,000 people
- Number of patents (2003-14)
- Number of patents (2003-14) per 100,000 people

HUMAN CAPITAL AND LIFESTYLE

- Labour force as a % of population
- Secondary educational attainment

- Tertiary educational attainment
- Education expenditure (% of GNI)
- Number of higher education institutions
- Number of International Baccalaureate Schools
- Number of top 500 universities
- Number of students per 100,000 people
- Ability to attract and retain talent
- Life expectancy

COST EFFECTIVENESS

- Average annual salary (\$) for an unskilled worker
- Average annual salary (\$) for a semi-skilled worker
- Average annual salary (\$) for a skilled worker
- Annual rent for prime grade-A office space (\$ per square metre)
- Annual rent for prime Grade A industrial space (\$ per square metre)
- 4*/5* hotel in city centre (\$ per night)
- Minimum wage (\$)
- Cost of establishing a business (absolute value using GNI)
- Cost of registering a property (% of property value)
- Cost of construction permits (absolute value using GNI)
- Petrol prices (\$)
- Cost of electricity (\$ per kWh)
- Corporation tax rate (%)
- VAT/common indirect tax rate (%)
- Total tax rate (% of profit)
- Country PPP rate

CONNECTIVITY

- Upload speed (kb/s)
- Download speed (kb/s)
- ICT development index
- Number of airports within 80 kilometres of the city
- Number of international destinations served
- Number of ports within 100 kilometres (medium)
- Number of ports within 100 kilometres (large)
- Number of ports within 100 kilometres (very large)
- Number of ports within 100 kilometres (medium plus)
- Growth in mobile phone subscribers 2007 vs 2014 (%)
- Logistics performance index (2014)
- Networked readiness Index (2014)
- Environmental performance index (2014)
- Quality of overall infrastructure 2015

BUSINESS FRIENDLINESS

- Total number of companies within the hi-tech manufacturing sector 2014
- Total number of companies within the hi-tech service sector 2014
- Total number of companies within the knowledge-based sector 2014
- Proportion of companies within the hi-tech manufacturing sector 2014
- Proportion of companies within the hi-tech service sector 2014
- Proportion of companies within the knowledge-based sector 2014
- Total number of companies within the hi-tech manufacturing sector 2014 (per

- 100,000 people)
- Total number of companies within the hi-tech service sector 2014 (per 100,000 people)
- Total number of companies within the knowledge-based sector 2014 (per 100,000 people)
- Number of jobs created by all inward FDI (Jan 2010-Dec 2014)
- Number of jobs created by all inward FDI per 100,000 people (Jan 2010-Dec 2014)
- Number of all jobs created by inward FDI (2005-09)
- Number of all jobs created by inward FDI (2010-14)
- Nominal growth in jobs created by inward FDI (2005-09 vs 2010-14) per 100,000 people
- Number of expansion/colocation projects (Jan 2010-Dec 2014) per 100,000 people
- FT Global 500 companies
- Corporation tax rate (%)
- Days taken to start a business
- Ease of doing business index
- Index of economic freedom
- Corruption perception index
- Strength of investor protection index
- Country risk score
- Firing costs (\$)
- Credit rating



International surveys and rankings on attractiveness of investment can show the point of view of the companies

World Bank – Ease of doing business

Comparing Business Regulation for Domestic Firms in 190 Economies

Indicator set

- Starting a business
- Dealing with construction permits
- Getting electricity
- Registering property
- Getting credit
- Protecting minority investors
- Paying taxes
- Trading across borders
- Enforcing contracts
- Resolving insolvency
- Labor market regulation

TABLE 2.1 What *Doing Business* measures—11 areas of business regulation

Indicator set	What is measured
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

KEY WORDS: TIME, COST PROCEDURES, FLEXIBILITY



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POLICIES FOR ATTRACTIVENESS



SOME INDICATORS/CRITERIA TO IDENTIFY STRATEGIC INVESTMENTS:

The 5 targets for the EU in 2020

1. Employment

75% of the 20-64 year-olds to be employed

2. R&D

3% of the EU's GDP to be invested in R&D

3. Climate change and energy sustainability

greenhouse gas emissions 20% (or even 30%, if the conditions are right) lower than 1990

20% of energy from renewables

20% increase in energy efficiency

4. Education

Reducing the rates of early school leaving below 10%

at least 40% of 30-34-year-olds completing third level education

5. Fighting poverty and social exclusion

at least 20 million fewer people in or at risk of poverty and social exclusion

Eurostat indicators

Topic	Headline indicator
Employment	Employment rate age group 20–64, total (% of population)
	• Employment rate age group 20–64, females (% of population)
	• Employment rate age group 20–64, males (% of population)
R&D	Gross domestic expenditure on R&D ⁽¹⁾ (% of GDP)
Climate change and energy	Greenhouse gas emissions ⁽²⁾ (Index 1990 = 100)
	Share of renewable energy in gross final energy consumption (%)
	Primary energy consumption (Million tonnes of oil equivalent)
	Final energy consumption (Million tonnes of oil equivalent)
Education	Early leavers from education and training, total (% of population aged 18–24)
	• Early leavers from education and training, females (% of population aged 18–24)
	• Early leavers from education and training, males (% of population aged 18–24)
	Tertiary educational attainment, total (% of population aged 30–34)
	• Tertiary educational attainment, females (% of population aged 30–34)
• Tertiary educational attainment, males (% of population aged 30–34)	
Poverty and social exclusion	People at risk of poverty or social exclusion ⁽³⁾⁽⁴⁾ (million people)
	People at risk of poverty or social exclusion ⁽³⁾⁽⁴⁾ (% of population)
	• People living in households with very low work intensity ⁽⁴⁾ (% of population)
	• People at risk of poverty after social transfers ⁽⁴⁾ (% of population)
	• Severely materially deprived people ⁽⁴⁾⁽²⁾ (% of population)

**POLICIES FOR
ATTRACTIVENESS**



SOME INDICATORS/CRITERIA TO IDENTIFY STRATEGIC INVESTMENTS:

Some Investment Promotion Agencies

IDA - Ireland

- Number of projects / Amount / Number of jobs created
- % projects outside Dublin
- % projects in R&D activities
- % jobs created with wage > (40kEuro/year)

S.D.I./S.E. - Scotland

- Number of jobs in R&D with wage > 29kPounds/Year

Florida

- Number of jobs in R&D with wage > 29kPounds/Year

Source: OCO GLOBAL (2011)

EVALUATION CRITERIA CAN DEPEND ON THE SPECIFIC TERRITORIAL STRATEGY

Results often focus on:

- **Employment impact**
- **Quality of the jobs (in terms of skills and/or wage)**
- **Level of R&D**
- **Amount of investments**
- **etc.**

POLICIES FOR ATTRACTIVENESS

CASE STUDY: REGIONAL LAW FOR THE PROMOTION OF THE INVESTMENTS IN EMILIA- ROMAGNA (14/2014)

Main points of the law:

INCENTIVES AND PROCEDURES

Agreement for the Settlement and Development of Companies

Main tool to support the companies

GOVERNANCE

Role of in-house companies:

- Investment promotion
- Connectivity
- R&D Network

STRATEGY

Regional Smart Specialization Strategy

Identifies key sectors, drivers and key
enabling technologies

SETTLEMENT AND DEVELOPMENT AGREEMENT

- INCENTIVES
- INVESTMENT SIZE AND EMPLOYMENT IMPACT
- INFRASTRUCTURES AND WELFARE SERVICES RELATED TO THE INVESTMENT
- TIMING OF PROCEDURES AND COMPLETION OF THE INVESTMENT
- COLLABORATION WITH LOCAL BODIES AND STAKEHOLDERS

TYPES OF INVESTMENT PROGRAMME

- INDUSTRIAL OR SERVICE DEVELOPMENT OF REGIONAL INTEREST,
EMPLOYMENT EFFECT > 150 WORKERS
- GREAT STRATEGIC VALUE,
EMPLOYMENT EFFECT > 50 WORKERS (GRADUATES > 40%)
- RESEARCH, DEVELOPMENT AND INNOVATION CENTRES,
EMPLOYMENT EFFECT > 20 WORKERS
- PROGRAMME OF INDUSTRIAL CONVERSION

POLICIES FOR ATTRACTIVENESS



**CASE STUDY:
REGIONAL LAW FOR THE PROMOTION OF THE INVESTMENTS IN EMILIA-
ROMAGNA (14/2014)**

REGIONAL AGREEMENTS FOR THE SETTLEMENT AND DEVELOPMENT OF ENTERPRISES

SELECTION PROCEDURE - PHASE 1 PRINCIPAL ASSESSMENT CRITERIA (1)

INCENTIVES AND PROCEDURES
**Agreement for the Settlement and
Development of Companies**



**QUALITY OF THE
INVESTMENT
PROGRAMME**

**SIGNIFICANCE OF
THE PROGRAMME
IMPACT**

**TECHNICAL /
FINANCIAL
ABILITY AND
EXPERIENCE**

**SOCIAL
SUSTAINABILITY**

**ENVIRONMENTAL
SUSTAINABILITY**

**FEASIBILITY OF
THE INVESTMENT
PROGRAMME**

REGIONAL AGREEMENTS FOR THE SETTLEMENT AND DEVELOPMENT OF ENTERPRISES

ASSESSMENT CRITERIA RELATED TO STRATEGIC PRIORITIES

SIGNIFICANCE OF PROGRAMME IMPACT

- value chain links with local supply system
- penetration of foreign markets
- consistency with the Region's development, growth and competitiveness strategy (S3)
- knowledge and skills for the employment of persons
- competitiveness of the value chain

ENVIRONMENTAL SUSTAINABILITY

- rationalisation of resources
- energy saving
- reduction of emissions
- lower land consumption

SOCIAL SUSTAINABILITY

- social inclusion
- assessment of the work in terms of worker safety
- social responsibility within the supplier value chain

GOVERNANCE IS A KEY ATTRACTIVENESS ASSET

e.g. well established and reliable governance system

GOVERNANCE HAS TO BALANCE DIFFERENT NEEDS AND DEMANDS

e.g. policy coordination, coherence and integration among sectoral policies

GOVERNANCE HAS TO INVOLVE THE RELEVANT STAKEHOLDERS

e.g. identification of relevant stakeholders; shared strategies; networking actions

GOVERNANCE: WHICH SCALE FOR WHAT POLICY?

e.g. coordinate the actions of actors operating at different scales on the same issues

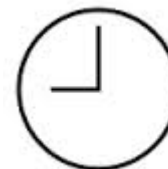
GOVERNANCE AND EXTERNAL CONTEXT

e.g. links with other territories, management of common assets

Stakeholders involment

*Attraction of
Investments*

- *Companies/investments*
- *Entrepreneurial associations*
- *State, Regional and local Authorities/Administrations*
- *Development/Investment promotion agencies/operators*
- *Local development and urban planning units in municipalities*
- *Educational and Research institutions*
- *Infrastructure operators/providers*
- *International Trade Fairs*
- *Interest groups*
- *Etc.*



*Regular workshops
with regional
stakeholders*

**Thank you for your
attention!**

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